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PHILIPPINE-AMERICAN RELATIONS: RECENT TRENDS

I

AS the war in the Far East drags on toward an unpredictable conclusion, its repercussions continue to have an increasingly unsettling effect upon the position and policies of all the Powers possessing a stake in the Orient. For Great Britain and France the issues raised by Japanese aggression are varied and complicated. For the United States they are less varied, perhaps, but they are almost equally complicated because of the perennial Philippine problem. Five years ago when the Tydings-McDuffie independence act was signed by President Roosevelt and approved by the Philippine legislature it was popularly assumed that the final chapter in the legislative history of Philippine-American relations had been written. After a transitional decade, the American flag was to be hauled down and the independent Philippine Republic would be free thereafter to pursue its sovereign way toward whatever destiny the future might hold. Today, when half the scheduled period has elapsed, much of the Filipino enthusiasm for independence has evaporated completely, and no less a personage than former High Commissioner McNutt has publicly advocated the abandonment of the whole emancipation program. In fact, whatever our ultimate decision may be, no one can say now that the problem has been solved and a final policy adopted. But one thing is sure, the decision which is impending will determine the broad lines of all future American relations with the Orient. A major decision in American foreign policy is in the making.

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The present status of Philippine-American relations is the result, primarily, of skilful manipulation by powerful pressure group interests at Washington. Even before the onset of the depression Cuban sugar interests had become greatly alarmed over the inroads made by duty-free Philippine sugar in the American market. Similarly, a strong congressional farm bloc had become obsessed with the belief that low-cost imports of Philippine sugar and cocoanut products were having a depressive effect upon the price level of many American farm products. Such an argument could be demolished with comparative ease by any expert and impartial examination, but the bloc leaders and their lobbyist advisers made up in vociferousness and determination what they lacked in accuracy. Filipino politicians, who had maintained their local prestige for three decades by clamoring for an independence which was safely unattainable, now found to their secret dismay that this farm bloc, prompted by the ravages of the depression and abetted by the American-owned Cuban sugar interests, was determined to give them their freedom—and with a vengeance. An independence act was pushed through Congress and driven into law over an angry veto by President Hoover. The Filipinos were so alarmed by the drastic provisions of the act that they rejected it and made a desperate effort to get better terms. Failing this, except for a few unimportant concessions, and realizing that a complete *volte-face* would be extremely difficult to explain to their constituents, they voted to accept the thorny gift and hoped for the best.

This revised independence act of 1934 provides the basis for the present ten-year transitory régime. Structurally, the governmental system of what is now termed the "Commonwealth of the Philippines" is not complicated. Under the authority of the act, the Filipinos drew up and adopted a constitution establishing a government which is characterized by the familiar American separation of powers. Executive power is lodged in a president who is popularly chosen for a single six-year term and legislation is in the hands of a unicameral national assembly. The supreme court possesses the right of judicial review but two thirds of the judges must concur before

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any act of the assembly can be rejected as unconstitutional. Subject to qualifications of age, literacy and residence, suffrage is now universal.

During the entire transitional period, the United States will continue to exercise control over the foreign relations of the Commonwealth. The chief American official resident in the Islands, now termed a High Commissioner, acts as the direct representative of the United States government. All amendments to the Commonwealth constitution must be submitted to the President of the United States for possible disallowance and all decisions of the Philippine supreme court are subject to review by the United States supreme court. Most important of all, the President of the United States possesses a virtually unlimited right to suspend the operation of any Philippine law or executive order, and he has the additional right to intervene for the purpose of preserving order, freedom, property rights, and general governmental stability.

All these features of the transitory régime were dictated by wisdom and experience and they have not as yet been the cause of any friction between Washington and Manila. Trouble has come, however, from the other aspects of the act, those that dealt with economic affairs. The prime concern of the authors was to set up a tariff barrier against Philippine imports as quickly as could be done with even a modicum of decency. Despite their haste, they recognized that the free-trade régime had caused Philippine economic life to become so geared into the American economy that some opportunity must be given Philippine producers to find other markets before the doors of the American tariff were closed against them. To protect the allegedly suffering American farmer and to force this commercial reorientation upon the Philippines, the independence act provided two types of trade controls. Certain products—sugar, cocoanut oil and cordage—which had been the special butt of American criticism were placed upon a quota basis. Beginning with the fifth year of the Commonwealth period, the Philippine government is to be required to impose an export tax on all products shipped to the United States. This tax will be increased each year, with the result that in the

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final year Philippine goods will be subject to 25 per cent of the regular American duty. The money derived therefrom is to go into a sinking fund for the retirement of outstanding public bonded indebtedness of the Islands. In this way, by combining quota restrictions with a graduated imposition of American tariff schedules, it was hoped that the separation could be accomplished with a minimum of difficulty.

It should be added that the arrangement was accepted with reluctance by the farm bloc leaders most of whom were desirous of a much shorter period and a more rapid imposition of tariff duties. Realizing, as they did, that many Filipinos might want complete independence now but might lose their enthusiasm toward the end of the period when they saw markets disappearing and economic life decaying, the farm leaders seized upon that portion of the original independence bill which provided for a national plebiscite at the end of the transition period, and cleverly attached it to the provisions for a popular referendum on the constitution at the beginning of the period. Thus, if the natives voted in favor of the constitution, as they were sure to do, they were casting a vote thereby for complete independence, and they were to be given no second chance if they should wish to change their minds later. It was little better than a trap adroitly baited and skilfully designed. Naturally enough, it worked.

Even in 1934 many observers concluded that if the Philippines received their independence in accordance with the terms of this act, it would be ruinous to the economy of the Islands. Thus, in its resolution accepting the act, the Philippine legislature referred to its belief that "certain provisions of the said act need further consideration." Thanks to the protection of the American market and the benevolence of American administration, the native standard of living had risen to a level at least three times as high as in many surrounding regions of the Orient, regions which would compete with the Philippines in the world market once the latter lost its free access to the United States. It was this prospect which disturbed informed Filipinos, for they realized the disastrous results, politically and socially as well as economically, which

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would be produced by diminishing markets and a falling standard of living.

Under American governmental stimulation, sugar has grown to be the major export item of the Islands. In recent years it has accounted for 60 per cent of all Philippine exports and all of it is sold in the United States. Thanks to the absence of any tariff, this Philippine sugar began to displace Cuban sugar in the American market, thereby creating the determination of the latter to rid itself of this unwelcome competitor by encouraging the Philippine independence movement. In view of the proximity of Cuba to the United States, Philippine sugar cannot possibly compete with Cuban sugar unless it can enter the United States on a preferential tariff basis. Since Cuban sugar already enjoys tariff preference, Philippine sugar cannot be marketed unless it enjoys as much, and probably a greater, margin of preference.

If independence should place the Philippines entirely outside the American tariff wall, native producers could scarcely sell a pound of sugar in this country. Moreover, the prospects of finding other export markets are not encouraging. Nearby sugar areas, such as Java, have lower labor costs, and European markets are being closed by measures of economic nationalism designed to foster local sugar beet production. Facing this prospective loss of a $50,000,000 export trade, with its accompanying effects upon governmental finances, as well as upon the livelihood of the 300,000 natives who are dependent upon sugar, Filipinos argue that the industry cannot possibly survive the shock of separation from the American market. They contend also, that although Philippine sugar may injure Cuban sales to America, it can scarcely have any adverse effects upon the welfare of domestic cane and beet sugar producers who with their best efforts cannot supply even one third of the country's vast consumption needs.

Temporarily, at least, the sugar situation was stabilized by the Jones-Costigan Act of 1934 and by the subsequent Sugar Act of 1937. These acts set up a quota system for all suppliers of the American market. The quotas, fixed annually by the Secretary of Agriculture, have given the Philippines a slight

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excess over the maximum free quota of 970,000 short tons fixed in the independence act, but the producers have refrained thus far from attempting to sell any full-duty sugar in the American market.

A forecast of the cocoanut oil problem was another which disturbed observers at the time of the enactment of the independence law. The cocoanut industry has a total investment of $221,215,000 and it extends over 1,500,000 acres of cocoanut plantations. It is estimated that about 30 per cent of the entire population is directly dependent on this one industry. As with sugar, the bulk of Philippine cocoanut products find their way to the American markets. In 1937, 93 per cent of the Philippine copra and cocoanut oil exports came to this country. About two thirds of the American imports are used in the manufacture of free-lathering soaps, while the remainder goes to oleomargarine, safety-glass, and a variety of scientific and industrial uses. Despite the arguments of the lobbyists, it has been shown conclusively (a) that no domestic vegetable or animal fat can replace cocoanut oil, or some similar lauric-acid-bearing vegetable oil, in modern soap making, and (b) that the quantity which goes into oleomargarine cannot seriously affect the market price of animal fats for margarine or of butter. It is extremely doubtful if cocoanut oil has had any adverse effect upon American dairy, animal fat or cottonseed oil interests.

Insular cocoanut producers were left in an uncertain position by the independence act. The imposition of export taxes will tend to destroy the eight local crushing plants and to transfer all crushing to the United States where importers can benefit by the fact that copra remains on the free-list. For the first five years, the assigned cocoanut oil quota is quite liberal, being actually greater than shipments in any post-war year except 1929. These prospects, which seemed good for all except the local crushing interests, were soon ruined by the enactment of the revenue bill of 1934 which provided an excise tax of five cents a pound on all cocoanut oil, and a preferential rate of three cents a pound on oil extracted from Philippine copra. This measure was an obvious attempt on

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the part of the farm bloc to check importation of cocoanut oil and copra. Faithful to their professed belief in the competitive nature of cocoanut oil, their lack of interest in the revenue aspects of the excise tax can be shown by the fact that the authors of the act wrote into it a provision for the transfer of all the proceeds back to the Philippine treasury, provided the Philippine government would agree not to use any of the money to pay subsidies to cocoanut oil or copra producers. This measure multiplied the difficulties and uncertainties of the insular producers because it tended to bring about a sharp reduction in the price of copra, and they feared that it would stimulate American imports of competitive, non-taxed, tropical vegetable oils. Also, it added the further uncertainty that if, after independence, the American excise tax should remain and the Philippine preferential rate be abolished, American importers might be able to make their copra purchases in other tropical areas where production costs were lower than in the Philippines.

Many of the same considerations applied to other Philippine industries, which had developed because of the free American market and which would be forced into dire straits by the imposition of the export taxes and the final American tariff schedules. This was true particularly of native embroidery and pearl shell products, and to some extent in the case of cordage and cigars.

As all these prospects were explored, native apprehension grew rapidly. Likewise, there was mounting indignation over the one-sided character of the trade provisions, for the Commonwealth government was not empowered to take any tariff action against imports from the United States, action which might have dug new channels for Philippine trade. At all costs the valuable Philippine market was to be preserved for American exporters, although the American market was to be closed progressively to the Filipinos. In time, of course, the situation would take care of itself because Philippine imports from America would be reduced necessarily as American markets were closed, but this eventuality was to be delayed as long as possible.

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Apprehension was not confined to the leaders of the new Commonwealth. In a message to Congress, recommending action on the Philippine bill, President Roosevelt had given inferential recognition to the seriousness of the situation by pointing out that, "where imperfections or inequalities exist, I am confident that both can be corrected after proper hearing and in fairness to both peoples." Chairman Tydings, of the Senate Committee on Territories and Insular Affairs, stated two days before the passage of the act, "There are . . . provisions of the bill to which we object, but . . . we have given up any attempt at this time to have it in any way amended." In the summer of 1934, Senator Hayden visited the Islands and wrote a warning letter to Senator Tydings. Later in the same year a senatorial committee of investigation went to Manila and two of the four members submitted reports to the Senate. The tenor of the reports indicated that the trip of inspection had caused these men to have many misgivings about the act which they had helped to place upon the statute books. Specifically, they urged the President to take advantage of a provision in the independence act which authorized the convocation of a Philippine-American trade conference "at least one year prior to the date fixed . . . for the independence of the Philippines" and to begin preparatory studies as quickly as possible so that expert recommendations could be formulated and the act amended at the earliest practicable time. It must be said to the credit of the Administration that this procedure was initiated almost immediately. In all probability, President Roosevelt was chagrined over his failure to prevent the enactment of the cocoanut oil excise tax, for he hastened to create an interdepartmental committee, consisting of representatives of the departments of State, War, Navy, Agriculture, Commerce and Treasury, and the Tariff Commission, to study Philippine problems. As this committee began its work, the Tariff Commission undertook to prepare the ground by an expert examination of the probable effects of the independence act upon the trade and economy of the Islands; and the Governor-General at Manila appointed a committee of Filipino

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experts, chiefly government officials, to explore the problem from that side of the Pacific Ocean.

The statements of the Tariff Commission (Report No. 118, Second series, January 1937) were carefully measured in tone but pointed as to conclusion. Two or three sentences may be cited to indicate the general nature of the findings. "It is not certain", said the Commission, "that adequate provision has been made for a transition sufficiently gradual to permit the realization of the economic objectives sought in the act. A number of important enterprises in the Islands may be forced to liquidate more rapidly than new enterprises can be developed to replace them. Certain industries exporting primarily to the United States will be obliged to discontinue or to curtail their operations and so likewise will a number of others directly dependent on them." The publication of this report provoked much comment in the American press and even more in the Philippines where, in the words of Paul McNutt, then High Commissioner, the resulting public discussion brought about "a wholesome crystalization of opinion which went beyond the bounds of economic considerations into the question of indefinite continuation of the Commonwealth."

In the meantime, official Washington had become convinced that a realistic reëxamination of the trade aspects of the problem ought to be undertaken at once, in the hope that a revised program might be agreed upon and accepted before the inauguration of the export taxes on November 15, 1940. President Quezon came to Washington in the early spring of 1937. After preliminary conversations with President Roosevelt and Assistant Secretary Sayre, of the State Department, who had been acting as Chairman of the Interdepartmental Committee, he agreed to coöperate in the creation of a joint Filipino-American committee to undertake this task. Since the Committee was not to be empowered to make any recommendations concerning possible changes in the political aspects of the independence act, it was hoped, now that farm prices were higher, that its economic program might be sufficiently palatable to win congressional assent without an exhausting controversy.

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This Joint Committee set to work in April. Lengthy public hearings were held in Washington, San Francisco and Manila, and a number of other interested persons and organizations filed briefs. In all, some 65 persons appeared to testify and nearly 150 briefs, resolutions, petitions and memorials were presented to the Committee. In addition, the members of the Committee made a complete tour of the Islands.

A year later, May 20, 1938, the Committee submitted its formal report to the two governments but it was not made public until the end of November 1938. Presumably the delay was caused, at least in part, by the feeling in Washington that publication should be deferred until after the congressional elections. When it did make its belated appearance, an official statement by President Roosevelt approved the report "as the basis of Congressional consideration for the purpose of correcting the imperfections and inequalities of the Independence Act of March 24, 1934, against which the Filipino people have complained."

The most fundamental recommendation of the Committee was that the period of preferential trade relations be prolonged until 1960. Under the independence act, the Philippine government in 1946 would be collecting export taxes equal to 25 per cent of the American duty. The report proposed that at that time the United States should take over this tax collection on all Philippine imports, beginning at 25 per cent and increasing by 5 per cent each year until the full duty year of 1960. The Philippine government would begin by a similar levy of 25 per cent on all imports from the United States in 1946 and would increase the duty at the same progressive rate. To ease the prospective pressure of export taxes during the period 1941-1946, the report proposed that certain basic industries—cigars, scrap tobacco, cocoanut oil, and pearl buttons—be assigned duty-free quotas which should be decreased by 5 per cent each year until the granting of independence. Shipments in excess of these quota limits would be assessed at the full United States tariff, and shipments within the quotas would be exempt from export taxes. Sugar was to continue as under the independence act, subject to a quota and an export tax,

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except that the 50,000 ton quota for refined sugar henceforth might be filled by raw sugar if the producers wished to do so. The cordage quota assigned by the independence act had been manifestly so unfair that Congress had doubled it in 1935 making the new quota an absolute one. The report proposed the continuance of this expanded quota but proposed that it be made merely a duty-free quota. Copra and abaca were to be found on the free-list. Native embroidery was to benefit by a provision that the American duty should be based on the value of the finished product, less the value of American cloth embodied in the product. In order to provide additional protection to American exporters, the Philippine government was to be required to increase its tariff duties on certain classes of articles.

Chief among the financial recommendations was one which gave the Philippine government somewhat greater latitude in the use of the funds accruing to it from the proceeds of the American excise taxes of 0.5 cent per pound on sugar and 3 cents per pound on cocoanut oil. The Committee suggested that these special funds be handed over to the Philippine treasury "primarily for the purpose of financing the adjustment of Philippine economy to a position independent of preferences in the United States market." A second proposal elaborated and clarified the existing provision that the proceeds of the export taxes be turned over to the United States treasury to constitute a supplementary sinking fund for the liquidation of outstanding Philippine public bonded indebtedness.

To any impartial student of Philippine affairs the conclusions of the Committee, given its strict terms of reference, were judicious and fair. The substitution of duty-free declining quotas for export taxes would cushion the first shock to the industries affected, and the prolongation of trade preferences to 1960 would give ample opportunity for constructive readjustment and even for further reconsideration of the whole problem. If political independence and the eventual elimination of trade preference are to be regarded as fixed policies —which they were for the purposes of the Committee—then

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it is doubtful if a more satisfactory and fair program could have been elaborated. Moderate opinion in both countries greeted the recommendations with the enthusiasm befitting a well-considered plan for the partial solution of a difficult and unsolved problem.

But Congress was yet to be consulted. An identic bill embodying the recommendations of the Joint Committee was introduced into both houses of Congress on January 26, 1939. Senator Tydings, who, it should be noted, had introduced the bill into the Senate "upon request", took it into his own Committee on Territories and Insular Affairs where hearings were held during the period, February 16-March 15. Again, faces familiar at all Philippine hearings for a decade or more made their appearance and voiced their views. Representatives of American sugar, dairy and vegetable oil interests denounced the bill because it prolonged the period of preference. As one of these men said frankly, "We are more concerned with immediate or the earliest possible independence of the Philippine Islands when we can get it upon the same relationship as we handle these similar problems between the United States and all other independent countries of the world." The bill was supported warmly, of course, by official representatives of the State Department and the Philippine government and by all American interests concerned with the importation of Philippine products or with the export of American goods to the Islands.

It was obvious from the first that opposition was directed primarily against those features of the bill which covered the post-independence period. Naturally, all American interests which had sponsored the original independence act in order to place Philippine commodities behind the American tariff wall were opposed to this prolongation of preferential treatment. It was argued with considerable vehemence that a reciprocal trade arrangement would serve to maintain a special American interest in the Philippines after 1946 and would leave a door open whereby this country might become deeply involved in the affairs of the Orient. Others were impressed by the argument that with conditions in the Orient in such a fluid and un-

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predictable state it was unwise to lay down any hard and fast policy for such a long future period, especially since the second part of the policy would not go into operation until seven years later.

Since urgency seemed imperative, and since it was obvious that the bill could not be passed in its existing form, it was withdrawn and replaced by a substitute embodying the same provisions as its predecessor for the period 1940-1946, but making no arrangements for trade in the post-independence period. This truncated measure was passed by the Senate at the end of May and an identic bill (H. R. 7096) was approved, almost without debate, by the House of Representatives on July 31, 1939.

The general situation, now that this bill has been enacted, is as follows. Some relief will be given to producers of tobacco, cocoanut oil, pearl shell and embroidery for the next five years. The sugar situation remains substantially unchanged. The Philippine government has a little more leeway with the funds which it derives from the refund of excise taxes. And that is all. As a long-time program, or as the enunciation of a fixed trade policy, the new arrangement is completely unsatisfactory. At best it is another stop-gap measure which can do little to assist the Philippines to reorient their economic life away from free access to the American market. Once more the victory has gone to those who believe that this country stands to gain from the elimination of Philippine goods, irrespective of the effect upon American exports or the economy of the Islands. In fact, the Trade Conference is still to be held, sometime between 1944 and 1946, special provisions for its membership having been written into the new bill.

The short-sightedness of the congressional view can be demonstrated by a brief examination of the broader aspects of Philippine-American trade. Although the Philippines have normally an active trade balance with the United States and a passive trade balance with other countries, the growth in population and the increase in the standard of living, as well as a natural consumer preference, have produced an extremely valuable export market for American goods. The present

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value of Philippine-American trade is about $200,000,000 a year. In 1939 the Philippines ranked as the eighth best customer for American goods. Their purchases last year outranked those of fifteen of the nineteen countries with which trade agreements have been negotiated. Recently, the Filipinos have been our best export market for a score of commodities, including such varied goods as cotton manufactures, wheat flour, dairy products, canned milk, chewing tobacco, cigarettes, pickles, canned sausage, automobile tires and tubes, sewing machines, mixed paint, nails, and galvanized pipe.

It seems clear that if the Islands are pushed outside the American tariff system a large part of this export market, which amounted to $86,000,000 in 1938, may be lost irrevocably. As sales of goods to this country decline, Philippine purchasing power will diminish and imports will be shifted to cheaper markets, presumably Japan. An acquired taste for American products will gradually give way under pressure of a sharp cost differential and new consumer habits will be formed. Since a third or more of our exports are agricultural in nature, the American farmer ironically enough will suffer along with the manufacturer.

It has been suggested that many of these trade difficulties can be adjusted in 1946 by the conclusion of an ordinary reciprocal trade agreement between the two governments. Such a view is curious, to say the least, because, aside from the possibility that this government may have discontinued the negotiation of trade agreements by that time, the value of such an agreement to the Philippines would be largely nullified by the inclusion of the unconditional most-favored-nation clause. This standard American practice would open the American market to other tropical producers on terms equal to those granted the Philippines, and it is generally accepted that in the case of the two major export items, sugar and cocoanut products, the Islands cannot compete with surrounding tropical areas for the world market without a serious reduction in the standard of living, i. e., labor costs would have to be reduced by at least one-half and possibly by two-thirds.

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There is, however, one further possibility which ought to be explored carefully before it is discarded. When the Trade Conference meets in 1944 or 1945, the United States may still be devoted to the trade agreements policy. If so, the Conference ought to consider very carefully the advisability of recommending the negotiation of a Philippine-American trade agreement which does not contain an unconditional most-favored-nation clause. Although this would be contrary to our present trade policy, it can be argued that the same reasons which have impelled us to make a preferential tariff duty on Cuban sugar would apply with even greater force to the Philippines. In view of the special nature of Philippine-American relations during the past half-century, the United States should have no qualms about this particular deviation from its regular policy. Moreover, states with which we have concluded reciprocal trade agreements embodying the most-favored-nation clause in its unconditional form would have no legal right to invoke the clause in order to secure the Philippine preferential duty for their own goods. With wise foresight, and perhaps with some such plan in view, the State Department has inserted in all the agreements concluded since 1934 the qualifying statement: "The advantages now accorded or which may hereafter be accorded by the United States of America, its territories and possessions and the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to the Philippine Islands irrespective of any change that may take place in the political status of the Philippine Islands." If it is necessary to complement such an arrangement by any special protection for domestic sugar producers, this can be accomplished by maintaining the present quota system on all sugar imports and by granting Philippine sugar an entry into the United States on terms at least as favorable as those given to Cuban sugar. Although the present Sugar Quota Law will

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expire in 1940, there is every reason to believe that it will be extended for at least another three years, if not permanently.

The cocoanut problem is not quite so simple because, although copra could be bound on the free-list by a trade agreement, the agreement could not affect the present excise tax on cocoanut oil. But the operation of this tax has amply demonstrated the argument, advanced in reply to the farm bloc, that cocoanut oil is not interchangeable with any domestic animal fat or vegetable oil. There has been a steady increase in American imports of cocoanut oil since 1934 and the sole result of the tax has been the collection of an extra levy of approximately $17,000,000 a year upon the American public, and the transfer of this "windfall" to the Philippine treasury. This being true, it seems likely that, sooner or later, Congress will admit its error and repeal the excise tax. When this is done, the way will be free for the regulation of all cocoanut product imports by a trade agreement.

Such a program of moderate reciprocal preferences would stabilize the great Philippine export industries and would maintain a portion of existing American export trade with the Islands without injuring thereby any American producer or manufacturer. It would be particularly appropriate to do this in conjunction with, and as an aid to, the diversification policy which President Quezon is pushing energetically. Strenuous efforts are being made to develop new products, such as derris roots, lumbang oil, rubber and cotton. Government corporations, particularly the National Development Company and its subsidaries, are endeavoring to start new industries and to come to the aid of old ones. This ambitious program has been greatly expedited by the proceeds of the American excise tax on cocoanut oil, for from this alone the government had received $65,500,000 by the end of 1938.

If no program of special trade relations is adopted, the Philippines will have no alternative but to allow the standard of living and the quality and quantity of governmental services to deteriorate. Since diversification is at best a slender reed on which to lean, their only available trade policy will be one which will draw them closer and closer inside the orbit of

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Japanese economic life. It will be a dependent relationship at best, and one which will condition and determine the political fate of the infant Republic.

II

Recent developments along the political front cannot be charted with any great accuracy but their general significance is not to be denied. Within the Islands two things have served to dampen the original ardor for complete separation from the United States. The first of these is, quite naturally, the fear of economic collapse. Business and agricultural interests have continued to hope that Congress would relent and consent to a modification more conducive to a prosperous Philippine future. As this hope has receded, these groups have come more and more to the conclusion that independence will be ruinous. In his second annual report, High Commissioner McNutt observed that " the majority of the propertied and middle class appeared to support the position that the welfare of the islands would be best served by a continuation of both the Commonwealth and trade preferences, while a minority, largely traditionist and socialist groups, contended that independence was the major issue and should be attained at any necessary sacrifice."

The second fear is Japan. Many Filipinos believe that, unless there should come a profound change in Japanese foreign policy, brought about by a stalemate in the China war, the new Republic will be absorbed speedily into the Empire as another semi-protectorate, a second Manchukuo. To them, a semi-dependent status under American protection is preferable to a similar fate at the hands of the Japanese militarists.

The general case for presumptive Japanese domination over a weak independent Philippine state can be stated briefly. Having a comparatively low population pressure, the Philippines have the greatest supply of unused rich agricultural land in that portion of the world. Climatically this land is, and will continue to be, attractive to Japanese colonists. Population pressure alone may swell the Japanese migration to Davao where there are now more than 20,000 permanent Japanese residents. In addition, there is a great deal of mineral wealth

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valuable to an aggressively industrialized Japan. Chromite, iron and gold are found in great abundance and there are smaller deposits of many other minerals.

Important as these considerations are, the strategic advantages to Japan would be even greater. Possession of the Philippines would enable Japan to cut British communications between Hongkong and Singapore at will, especially if Japan should retain permanent control over the island of Hainan. French Indo-China would be defenseless, while British Malaya and the Dutch East Indies would be brought within easy striking distance. Such a positon would give Japan easy access to the valuable, and sorely needed, oil fields of the Dutch East Indies and the tin deposits of Malaya. It would also place Japan athwart our own trade communications with that portion of the world. Thus, in case of war, Japan could block our imports of tin and rubber, forcing us either to bring these products through the Suez Canal or to rely upon Bolivian tin and non-Malayan rubber. In a very real sense of the term, the Philippines are so located as to provide a key to the control of the entire area of the South China Sea. Japanese domination would mean an unchallengeable maritime and military supremacy in the Far East.

Realizing all this, many Filipinos have become so alarmed that they would prefer to forego the dangers of independence for the security afforded by the American flag. Others disagree, arguing with a recent editorial in the *Herald* of Manila that, "if Philippine independence is contingent upon conditions in the Orient, how can they become any better? If Japan wins in China, she will be more feared than ever. If Japan is destroyed by China or Russia, these may be threats to the Philippines. Making Philippine independence basically contingent on Oriental conditions means no independence at all. . . . Once the precedent is set, the battle of permanent dependence will have been won." Naturally, this view is not shared by the many persons whose writings fill the columns of such magazines as the *Commonwealth Advocate* and other publications dedicated to the perpetuation of the present status.

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With the propertied classes in favor of some type of dominion status, the masses still susceptible to the catchwords of "freedom" and "independence", and the intellectual and professional groups sharply divided, it is little wonder that the politicians have been forced to walk on a tight rope. Nearly all political leaders have agitated so long for independence that, although many of them are reported to express their misgivings in private, their public utterances are models of caution. Sincerely perplexed by the dilemma in which they find themselves on the eve of achieving what they have demanded for so many years, it is natural that they should prefer a bold middle course and hope for the best. Thus José Yulo, Speaker of the Assembly, said recently in a much discussed public speech, "We are fully aware of the dangers that will beset an independent Philippines. But until the people shall have otherwise spoken, and as long as our constitution remains the supreme law of the land, it is the inescapable duty of every Filipino . . . to place his shoulder to the wheel and assist . . . in the building of a strong and independent Filipino nation." President Quezon has publicly advocated the granting of full and complete independence before 1946, his argument being that reorientation of economic life could be expedited more advantageously on the basis of some kind of treaty between the United States and an independent Philippine state than upon the present basis which may be changed at any time by the American Congress. At the same time he has hinted, on more than one occasion, that a proposal for a dominion status would be "seriously entertained." There seems little doubt but that he really would prefer such an arrangement, now that the Japanese menace is so manifest.

If Filipino leaders harbor the hope that the American Congress will initiate any proposal for the perpetuation of the Commonwealth status, they are probably doomed to disappointment, for if the recent debate in the Senate over the modification of trade relations is any criterion, the general attitude of that body has not changed in any marked way. Save for a handful of persons in each House, there seems to be little interest in the Philippines, except as Philippine affairs impinge

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upon the particular industries or activities of the members' own constituencies. Despite indignation over the present activities and policies of Japan, there is a strong feeling that America should withdraw from the Philippines in order to avoid possible entanglements and complications in the Orient. Indeed, the Sino-Japanese war thus far has served to strengthen, rather than weaken, this sentiment. Clearly, if there is to be any political change, it will not originate within the halls of Congress.

On the other hand, there is abundant evidence to indicate that this point of view is not shared by the Administration. President Roosevelt's general hostility to present Japanese policies and his desire to maintain the prestige of the United States in the Pacific are well known and need not be amplified for the purposes of this discussion. Although he has refrained from direct comment on the problem of our future political relations with the Philippines, it can be assumed that the President gave advance approval to Mr. McNutt's bold speech of May 14, 1938. In these remarks, delivered over a nation-wide network in the United States and rebroadcast to the Philippines, the High Commissioner denounced the independence act as a policy of "scuttle" and voiced a strong plea for the perpetuation of the present status. Specifically, he recommended that "our flag and sovereignty should remain, allowing to the Philippines every ounce of domestic autonomy they can absorb, holding in our own hands foreign affairs, tariffs, immigration, currency, and public debt, scarcely more than marks of the necessary reservations of a dominion. . . . So long as our flag flies there, the Philippines will be the cornerstone of peaceful reconstruction in the Far East. I further venture that if our flag comes down, the Philippines will become bloody ground and the center of war within war for a generation." Recently, upon his return from the Philippines, Mr. McNutt has reiterated this plea for the permanent retention of American sovereignty.

The plain truth is that American uncertainty concerning the Philippines is a reflection of a general uncertainty concerning our foreign policy in a disturbingly complicated world. Pro-

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foundly hostile to militaristic aggression, the American people are not sufficiently hostile to wish to check it by adopting a policy which runs the risk of involvement in war. This is as true for the Far East as for Europe. Being reasonably secure from danger of actual attack, it is natural that a people should hesitate over a policy which seems to be based on something more than a frank recognition of these natural advantages. In the case of the Philippines, it is further complicated by the physical difficulty of protecting a possession which is so remote from the mainland and so close to a powerful and aggressive neighbor. The Islands are beyond the radius of action of an American fleet operating from any of the fortified naval stations in the Pacific. Should the Philippines be seized by Japan, American reoccupation would be difficult, slow and costly. Presumably it could be done, but it would require an immense and sustained effort before the flag could be raised once more over Manila.

In view of all these perplexities and uncertainties, it must be hoped that some clarification of American policy toward the Philippines and the Far East will be brought about in the near future. Certain propositions seem almost self-evident. First, there should be no political withdrawal from the Islands if the United States has, or seems likely to have in the future, any interest whatever in maintaining the independence of the Philippine Republic. Since withdrawal of American protection would be followed almost inevitably by the extension of Japanese influence, and probably control, we should be prepared to acquiesce without protest if the Japanese, rather than the native Filipinos, harvest the fruits of our forty years of labor in the Islands. In this connection, we should give adequate consideration to the argument that the mere presence of the American flag at Manila, provided some sort of "dominion" arrangement is complemented by a reasonably liberal trade program, might be sufficient in itself to deter the Japanese from any actual encroachment which would involve us in a war. There is an element of risk in this assumption, but it is slight at best, especially when we bear in mind the

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obvious support which would be forthcoming from The Netherlands, France and Great Britain.

A second proposition can be stated in more general terms. The United States should not withdraw politically if it is to maintain any prestige in, or to exert any influence over, the general course of developments in the Orient. American prestige throughout the Far East would be lowered irretrievably by the act of withdrawal and it would be far more difficult thereafter for us to maintain our present policy of protecting missionaries and other Americans engaged in legitimate occupations in that area. Generally, this argument is stated in terms such as "Shall we withdraw from the Far East?" Actually, it would be wiser if we debated another question, "Can we withdraw from the Far East?" Whether we like it or not, the United States cannot alter the stubborn facts of geography, nor can it easily limit its interests to the Aleutian-Hawaii-Panama line which figures so prominently in naval strategy. Of sheer necessity, the United States is a Pacific, as well as a pacific, power and, if it wishes to do so, it can use the influence inherent in its position to promote order and stability throughout the Pacific area. It should be able to do this without meddling in the affairs of other peoples and without adopting any policy which could be labeled "imperialistic" by any fair-minded person. The mutual trade advantages which will flow from such a policy should serve to strengthen rather than vitiate the arguments in its favor. It may be, of course, that the American people wish to forego all these advantages and to avoid the exercise of any influence in the course of Far Eastern affairs, but, in any event, they should not overlook the close relationship of the Philippine problem to this fundamental problem in foreign policy. Indeed it seems quite probable that the Philippine decision will determine the course and nature of future American policy toward eastern Asia.

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GOVERNMENTAL DETERMINATION OF UNITS FOR INDUSTRIAL REPRESENTATION

I

WITH American industry now committed to the policy of collective bargaining between representatives of management and representatives of employees, the determination of the real representatives of employees has become an important problem in political science. Theories of industrial or occupational representation consequently are no longer matters of mere academic interest. They are involved in the daily decisions of the National Labor Relations Board and other agencies administering labor relations legislation.

After providing that the representative of the majority shall be the exclusive representative for all the employees in a unit appropriate for such purposes, the National Labor Relations Act empowers the Board to "decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this Act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit, or subdivision thereof."[1] In discharging its obligations under this provision, the Board actually determines the electoral districts for employee elections.

In determining these electoral districts the Board encounters the problem of gerrymandering and other difficulties involved in districting for political representation. Hearings are held to give all parties concerned an opportunity to present their claims and evidence in support of any particular unit. Just as a political party dominant in a legislature arranges constituencies so that its voting strength may count for as much as possible, so also do the strong labor unions maneuver to make units for industrial elections small enough to put their mem-

[1] 49 Stat. 449 (1935), Section 9 (b).

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berships in the majority and large enough to spread their influence widely.

Unit boundaries are seldom rigid, and labor organizations often try to raid each other by shifting the boundaries. If an industrial unit is established among a given group of employees, a craft union sometimes can further its organizational work only by persuading a minority within the industrial unit to separate from the majority. Claiming that they cannot get adequate representation when they vote with other workers in the plant, a group of skilled craftsmen may demand recognition as an appropriate unit so that they can be represented by another union. The labor boards thus meet the age-old problem of how to handle discontented minorities. If less ominous, it is fully as perplexing as the situation which arose in Czechoslovakia when the German minority demanded German rule, or the situation in America when the Confederate States sought to secede and the United States fought to "preserve the Union." An industrial union opposing the recognition of a craft unit may be fighting for the same principles of unity which are the ideals of anti-secessionists.

The N. L. R. B. is required to determine appropriate units in two general types of cases. The more common are those in which a union files a petition for the investigation and certification of the representatives designated by a majority of the employees in accordance with the provisions of the N. L. R. A. In conducting elections to settle these representation disputes, the Board must first establish the electoral district or a definition of the group of employees to be represented. The other type of case is that in which an employer is charged with refusing to bargain collectively. An employer has no duty under the Act to recognize a union which does not represent a majority of the employees in an appropriate unit. If an employer disputes the right of a union to represent his employees, therefore, it must first be determined what unit of employees is appropriate before the employer can be found to have refused to bargain with the representative of the majority.

Labor relations boards or commissions in some of the states have the same problem, for the laws under which they operate

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also contain provisions which require governmental determination of appropriate units. The National Mediation Board, which administers the Railway Labor Act, encounters a similar problem, but its discretionary powers are limited. The Railway Labor Act specifies that representatives of employees shall be chosen by craft or class,[2] and the Mediation Board is thereby prevented from holding system-wide elections or elections by departments or geographical districts. In making rules to govern elections and in designating the employees who may participate in such elections, however, the Mediation Board often has been required to determine whether several groups of employees are one craft or whether each group is a distinct craft or class. When such questions arise, the Board investigates and makes findings of fact concerning the nature of the established crafts or classes. In effect, therefore, the Mediation Board defines the appropriate unit for choosing representatives of railway employees.

In the railroad industry, where labor organizations are mature and collective bargaining is highly developed, the National Mediation Board has a body of precedents for finding the facts as to craft or class. When required to decide such an issue, the Board inquires into the history of the bargaining relationships, and the Board rules that the established practice, or the manner in which the employees themselves have grouped together for bargaining purposes, determines the nature of the craft or class. The N. L. R. B. and the state labor relations boards, however, have avoided rigid principles for resolving such disputes. They have taken the position that these are peculiarly administrative matters which must be determined flexibly with full regard to the growth and nature of the labor organizations involved, the organization of the employers' business, occupational differences, prior bargaining relations, and various other factors.

Unlike districting for political elections, which sometimes is merely a process of drawing boundaries on a population map, districting for industrial elections is complicated and difficult.

[2] Public, No. 442, 33d Congress. Section 2, Fourth.

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The breach in the American labor movement and the prolonged controversy between the American Federation of Labor and the Congress of Industrial Organizations have introduced further complications. The N. L. R. B. finds the craft versus industrial issue present in many disputes, and it must decide which unit is appropriate in each case. The C. I. O.-A. F. of L. rivalry over the units is less serious than it is commonly thought to be, however, for the A. F. of L. includes several industrial unions which find they have no serious quarrels with the C. I. O. on the question of how the ballots shall be spread. A study of the 20,000 cases handled by the N. L. R. B. from its inception to March 1939 reveals that the two factions of the labor movement were in direct conflict over the appropriate unit in only 74 cases. Of these, 35 were decided by the Board in favor of the contention of the A. F. of L., and 30 were decided in favor of the contention of the C. I. O. No decision was necessary in one case, and in eight cases the contentions of each faction were upheld in part.[3]

Besides determining craft versus industrial conflicts, the Board is continually faced with the necessity for making equally difficult decisions as to whether a unit shall be a single plant or several plants of a company, a department of one plant, all employees of a company in a limited territory, all employees of the same company in the country, or several companies in the same industry. Neither the N. L. R. A. nor any of the state labor relations laws contains any stipulation or objective standards by which a board may be guided in making these decisions. While the Railway Labor Act specifies that representatives of railroad employees shall be chosen by craft or class, the N. L. R. A. provides no clues which might reveal the nature of the units even by such indefinite terms as "craft" or "class". In the absence of statutory definitions, the national and state labor relations boards have exercised a wide latitude of freedom in their findings. Various considerations are involved in each case,

[3] Report of the National Labor Relations Board to the Senate Committee on Education and Labor Upon S. 1000, S. 1264, S. 1392, S. 1550, and S. 1580. April 1939, Part II, p. 148.

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and no particular consideration standing by itself has been controlling. As experience in administering the labor relations legislation increases, however, certain elements in each case are singled out as having special significance.

The N. L. R. B. has listed the following factors as those relevant to the determination: community of interest among employees, craft homogeneity or differences, functional coherence, geographical differences, history of established labor organizations in the plant, history of collective bargaining relations with employer, history of collective bargaining relations in the industry, eligibility for membership in labor organizations, occupational differences, organization of business, wage differentials, hourly differentials, licensing of personnel, and differences in degree of skill. The importance of any one of these factors has never been objectively stated. The weight they carry in shaping the decisions of the Board cannot be precisely determined. Several of these elements usually enter into each decision. Judging by the frequency with which the N. L. R. B. mentions them in its findings and conclusions, however, the considerations which may be grouped under the following principles have primary importance: Skill, Mutual Interest and Coherence, Eligibility for Membership in Labor Organizations, and Traditional Policies.

Frequently the appropriate units are groups of skilled workmen such as those of machinists, marine engineers, ship carpenters, designing engineers or electricians. In making findings of this character, the N. L. R. B. usually points out that groups of skilled employees of a craft nature have an identity of problems different from other employees in the same plant, and consequently the problems of such skilled groups in matters of wages and working conditions should be considered separately. When a union of skilled craft workers petitions for certification, the N. L. R. B. usually approves the union's request that the unit be limited to the specific craft. The absence of other unions in the plant, seeking to be declared the representative of the employees for the entire plant, however, seems to be a considerable factor in such decisions.

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The elements of "mutual interest" or "community of interest" enter into decisions in situations where groups of workers in a plant have close contact with each other and where there is an interrelation of tasks. Some idea of the importance of mutual interest is apparent in the following statement by the N. L. R. B.:

> One of the prime considerations entering into a decision on the appropriate unit is whether it will operate for the mutual benefit of all employees included in the unit. To express it another way, is there that community of interest among the employees which is likely to further harmonious organization and facilitate collective bargaining?[4]

Mutual interest usually coincides with functional coherence. Together these elements are cited as justification for sustaining the contentions of industrial unions. The N. L. R. B. explains:

> The functional coherence and interdependence of the various departments in mass-production industries has often impelled the Board to treat all of the production and maintenance employees of a given company as a single unit. . . . It should be noted, however, that the similarity of the nature of the work of production employees . . . is not the sole reason for providing for the industrial form of collective bargaining. Functional interdependence between the various departments of a plant may lead to the same result, even where there is some difference between the skill required in those departments.[5]

Where two rival labor organizations claiming to represent the same groups of employees both admit the same groups of employees to membership, the nature of the appropriate unit is usually determined by the eligibility rules of the organizations. Sometimes the parties to the dispute stipulate during the hearing that the unit shall coincide with their "jurisdictions". In such cases the N. L. R. B. simply approves the stipulation. Where the rival organizations agree on the unit, but do not stipulate the agreement on the record, the Board

[4] First Annual Report of the National Labor Relations Board, p. 114.

[5] Second Annual Report of the National Labor Relations Board, p. 138.

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usually states that there is no controversy over the appropriate unit and thereupon approves the unit proposed by the petitioning organization. In conducting consent elections, the eligible list is agreed upon by the parties, and the Board is not required to render a decision regarding the unit. Frequently only one bona fide labor organization is involved in a representation dispute, and in such cases the Board usually finds that the employees who are eligible for membership in that organization comprise an appropriate unit.

Knowledge of the background of labor relations in the business in which the dispute exists is recognized as probably the most essential item necessary to the determination. In a number of cases in which there has been an established practice or in which certain classes of employees have been traditionally regarded as appropriate units, the N. L. R. B. has simply considered those units as satisfactory and continued them. Thus the units found appropriate are equivalent to the jurisdictional claims of the established labor organizations which have been dealing with the employers. This policy appears to be well grounded. " Collective bargaining is facilitated ", explains the N. L. R. B., " by adhering to the methods of the past, in the absence of any indication that a change in those methods has become necessary." [6]

Where the various considerations are inconclusive, the N. L. R. B. often has applied what is known as the " Globe doctrine ",[7] for cases in which a craft union claims a craft unit to be appropriate while a rival union claims a larger unit including the craft group to be appropriate. This doctrine holds that the employees in the craft group may by vote or other expression of wishes decide for themselves whether they desire to be in a separate craft unit or to be part of a larger unit. If the majority of the craft employees choose the union claiming the larger unit, the Board includes the craft employees in the larger unit. It is contended that this method of resolving the

[6] *Ibid.*, p. 125.

[7] Matter of Globe Machine and Stamping Co., 3 N.L.R.B., 294. Other cases in which the Board has applied this doctrine are collected in the Third Annual Report of the National Labor Relations Board, pp. 167-174.

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issues is eminently fair, for it lets the employees decide for themselves. Obviously it gives a definite advantage to the strictly craft unions, however, for it puts the choice up to each occupational group separately and makes gerrymandering by industrial unions almost impossible.[8]

To the several elements which the Labor Relations Board necessarily considers in determining the appropriate units are also added the factors of geographical differences and the structure of the employer's business. If two plants owned by the same company are some distance from each other, no such simple device as a plebiscite can be utilized to determine whether the employees in the two plants constitute one unit or two units. The Board itself must decide whether remoteness requires the separation of employees for electoral and bargaining purposes, and the variety of decisions indicates that no measures of distance can be established as infallible guides. Geographical differences have been cited often as justification for holding that single plants or branches are units by themselves. Perhaps just as frequently the weight of geographical differences has been considered negligible when the petitioning union proposes that several plants in the same neighborhood be considered as one.

Sometimes the N. L. R. B. has recognized separate plants owned by the same company as separate electoral units simply because expediency requires it. The inability of one union to organize a majority of workers on all the property of a large company has made it impossible to do otherwise. As unionization progresses, however, it may well be accompanied by a trend toward larger electoral and bargaining units.

II

Probably the most significant fact about governmental determination of the units for bargaining is that the N. L. R. A. and the state acts, as they are now interpreted, have delegated

[8] See discussions of "Globe doctrine" in 32 *Illinois Law Review* 599, 604; 23 *Cornell Law Quarterly* 392, 412; 47 *Yale Law Journal* 122, 124; 38 *Columbia Law Review* 1243, 1255-8, 1266-7; 7 *International Juridical Association Bulletin* 69. Also testimony of Mr. Edwin S. Smith before Senate Committee on Education and Labor, June 5, 1939.

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an unusual amount of power to administrative officials. It is this fact, perhaps, which makes the legislation most vulnerable to attacks on its constitutionality. Theoretically Congress has no right to delegate legislative authority. Only Congress can make decisions involving fundamental policy, and the National Recovery Act was declared unconstitutional because it delegated legislative power to administrative officials.

The N. L. R. A. simply states that the Board shall decide in each case whether the "employer unit, craft union, plant unit, or subdivision thereof" is appropriate. With no statutory policy as a guide, the Board is given the power to decide important controversial questions on the basis of any standards it may consider appropriate. Sometimes the Board in its decisions relies most heavily on "community of interest" among employees. Other times it relies on "traditional policies", "eligibility for membership in labor organizations", or other factors. The decisions vary widely, and it is reasonable to expect that different judgments would result from changes in the membership of the Board.

It is obvious, however, that Congress could not have intended that determination of the appropriate units should depend so completely on the judgment of the Board members. Presumably the Board itself was expected to find objective standards for resolving the disputes and thereby meet the constitutional test. Yet it is evident that the N. L. R. B. has not consistently recognized any objective standard, and the "functional coherence", "community of interest", and other factors cited apparently are rationalizations of judgments reached without objective standards or criteria.

In this respect the difference in policy between the N. L. R. B. and the National Mediation Board may be significant. The Railway Labor Act provides that employees shall choose their representatives by craft or class, but it leaves to the Mediation Board the task of defining the craft or class when the need arises. The Mediation Board soon found that "craft or class" is an almost meaningless phrase. There was considerable argument as to whether a craft included several classes or whether a class included several crafts. It developed

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that if the term "craft" were strictly applied in its usual meaning, established bargaining units would be broken down into many parts. It could be held, for example, that freight handlers constitute one craft, that office clerks constitute another craft, and that janitors in railroad stations are still a third. The established practice on the railroads, however, has been to treat clerical, office, station and storehouse employees as one unit for purposes of collective bargaining. The Mediation Board, therefore, does not attempt to determine what craft or class would be the best or most rationally defensible.

When it is necessary to decide the nature of the craft or class in dispute, the Mediation Board merely seeks the facts regarding the established practice in organization of employees and collective bargaining, and it rules that established practice is the controlling factor in deciding craft or class groupings. The Mediation Board thus has employed an objective test outside itself, and the facts rather than judgments of the Board members settle the disputes. Mediation Board decisions do not vary widely, and changes in the membership of the Board are unlikely to change the nature of the decisions, for the Board has assumed that it only has the power to find facts. The constitutionality of this procedure is unquestioned, and the Mediation Board thereby avoids many attacks on the propriety or validity of its decisions. Under this procedure the parties to representation disputes before the Board are not likely to feel that the Board is deciding the problems on the basis of its own predilections or prejudices.

If the N. L. R. B. and the state labor relations boards recognized similar objective tests or procedures for determining the appropriate units, they would simultaneously meet the requirements of consistency in policy and also escape much of the pressure applied on them by rival labor organizations. The language of the N. L. R. A. indefinitely states that the Board shall decide the "unit appropriate", but this provision does not preclude the possibility of the administrators of the law utilizing the standard of established practice for making their decisions. The established practice, or traditional policies, in most of the industries subject to the jurisdiction of the N. L.

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R. B. is not as obvious as it is on the railroads, where there is a long history of collective bargaining, but this fact does not diminish the value of the standard. Recognition of established practice as the controlling consideration in determining the unit does not require a long history of labor organization and collective bargaining in a plant. If employees for only a few months or a year have grouped themselves together for bargaining purposes, that fact should be sufficient basis for recognition of their voluntary choice as the established practice which indicates the nature of the appropriate unit.

The adoption of this procedure for governmental determination of the units would not freeze the units for all time. The N. L. R. B. and the state boards have found it wise to approve any unit which all parties to a dispute agree is appropriate, and there is no reasonable objection to this policy. Thus, by agreement of the rival organizations the units could be expanded or contracted to meet the demands of the employees in each case. The agreements, and the changes in the agreements, would constitute the established practice.

The importance of such considerations was not apparent when the N. L. R. A. was adopted in 1935, and undoubtedly the difficulties involved in determining the units are greater than Congress anticipated. The breach within the labor movement was not foreseen, and it was not expected that the board administering the legislation would be exposed to such extreme pressure as that which has resulted from the rivalry. Now that the problem is apparent, however, it may be well to reconsider the national policy. Three questions are most obvious. First, shall full responsibility for determining the units be left to an administrative board? Second, shall the units be defined by law? Third, shall the legislation include a statement of policy to guide an administrative board in determining the units and limit its authority?

When a board has full discretion in determining the units, there is serious doubt concerning the constitutionality of this delegation of power. Also, full responsibility for determining the units is an embarrassing burden to place on an administrative board. Regardless of how well it may discharge its

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responsibility, the board sometimes must favor the contentions of one union as opposed to another. The board thereby becomes the target for criticism which may render it less effective in discharging other responsibilities under the legislation.

If the units were to be defined by law, there would be great difficulty in writing a definition which would be acceptable to majorities large enough to ensure respect for the law. Because of the effect of electoral units on the form of labor organizations and bargaining groups, any definite statement of the electoral unit might operate to mold the labor movement to conform with some theoretical and unnatural structure. Different industries apparently require different brands of unionism, and it is unlikely that one definition of an electoral unit could be applied to industry generally. The problems of representation of employees in the mass-production industries, for example, are distinctly unlike the problems of representation for employees in the building trades. Even in such a mature system of representation as that of the railroad industry, there is difficulty in defining precisely the electoral units. Any definition to be written into the Railway Labor Act probably would be impractical because of the obvious facts that no two railroad systems are quite alike, no two labor organizations are quite alike, and no two occupational groups as established by practice are quite alike.

If guiding principles are to be written into the law in lieu of a definition of the appropriate units, the same difficulties are involved. If the principles are stated precisely, they may not be adequate for the circumstances of every situation. If they are stated vaguely or generally, they may still leave the administrative board in the position of having to decide arbitrarily between the contradictory contentions of two or more labor organizations and thereby incur hostility. The problem, therefore, is one of providing for sufficient flexibility and administrative discretion without passing the entire onus onto the board. Although lack of experience made the problem insoluble at the time the N.L.R.A. was adopted, perhaps now there has been enough experience to make guiding policies practical.

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In all consent elections and probably in a majority of the other representation cases the N. L. R. B. approves whatever electoral unit the parties to the dispute agree is appropriate. If it were made a positive obligation on the parties to attempt to reach an agreement on the unit—as the Railway Labor Act imposes an obligation on the carriers and their employees to make and maintain agreements respecting rates of pay, hours and working conditions—then perhaps a greater proportion of disputes would be settled without governmental determination. This change might be a healthy development, although possibly it would create even greater inconsistencies.

For cases in which the disputing organizations cannot agree on the electoral unit, the law might provide that the units shall be those recognized and established by previous collective bargaining on the property. In the absence of any history of collective bargaining on the property where the dispute occurs, the traditional policies elsewhere in the industry might control.

In the movement to amend the N. L. R. A. this year Congress has had before it several proposed amendments affecting the determination of the appropriate bargaining units. One bill proposed to amend the Act to provide that whenever a group of craft employees exists in a plant, that group shall automatically constitute a separate bargaining unit.[9] The same bill would also prevent the Board from establishing a unit broader than the employees of one employer. Another bill proposed to require the Board to recognize a separate craft unit whenever a majority of the employees in a craft group desire such a unit.[10] It also provided that whenever a majority of the employees in a single plant desire a separate unit the Board must establish such a unit.

The proposal to make each group of craft employees a separate bargaining unit is naïve because of its failure to define "craft". To find what constitutes a craft or class is just as difficult as to find what constitutes an appropriate unit. Even

[9] S.1000, Section 9 (b). 76th Congress, 1st Session. Introduced by Senator Walsh.

[10] S.1264, Section 9 (b). 76th Congress, 1st Session. Introduced by Senator Burke.

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more serious difficulties are involved, however, for the bill would require the Board to create separate units throughout a plant irrespective of the wishes of the employees in the craft group and irrespective of the desires of other employees in the plant. Such a requirement could only disrupt the practices of collective bargaining which have been developed throughout the years.

The proposal to require the Board to set up a craft unit when a majority of the employees in a craft desires such a unit also fails to define a craft. This proposal is less serious, however, for it does not differ essentially from the "Globe doctrine" which the Board now applies in cases where other factors affecting the decision are inconclusive. Nevertheless, it would encourage the splitting of employees into many small bargaining groups which would make collective bargaining a laborious process for the employer as well as an extremely difficult process for employees. Any dissatisfied minority constituting an occupational group presumably could separate from the majority with which it has been associated. Unscrupulous employers could play one group against another and possibly destroy collective bargaining. The problem of determining the units would be more perplexing than ever.

The proposals which would eliminate units broader than the employees of one employer or limit the unit to employees in a single plant, when the majority in the plant so desires, would have similar disruptive effects. Many unions have been bargaining with employer associations on a city-wide or market-wide basis. On the West Coast all longshoremen from Seattle to Los Angeles now bargain as a unit. Disputes are likely to be increased, if employees in a single plant insist on bargaining separately from employees in other plants of the same employer with which they have been united, or if employees of a single employer insist on having a vote separately against the wishes of all the workers affected.

In the Inland Steel case [11] the Board found that if one plant 25 miles away from another plant were regarded as a separate unit, then the possibility that the company might close down

[11] 5 N.L.R.B., No. 116.

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the plant where employees were most completely organized would handicap effective collective bargaining. There has been little experience thus far in situations of this character, but the problem is clear. It is evident in the simple question, what is to prevent a company from shifting its major production and the resulting employment opportunities to those plants in which the unions are non-existent, or least aggressive, unless the employees in all the plants have the same representative which will establish uniformity throughout all the plants?

The movement of factories from high wage areas to low wage areas has long been a disturbing element in American industry. It has been a weighty argument in favor of federal minimum wage and maximum hours legislation, and for similar reasons it is an important factor which must be considered in the determination of units for collective bargaining. In the realm of possibility at least, unless all employees of a company throughout the nation are represented in a single unit, those employees represented by the most vigorous bargaining representatives will be threatened with unemployment and their bargaining strength thus weakened. The company could shunt the bulk of its orders into those plants where production costs are lowest because of failure of the employees to get effective representation for collective bargaining. Industrial enterprises have not hesitated to incorporate in those states where incorporation and taxation laws are the most lenient, and in the same manner they may not hesitate to carry on their operations in those areas where workers have the least effective leadership in collective bargaining.

This threat could not operate in an organization like that of the Associated Press, where the nature of the business requires uniform man power in all parts of the country. It is a serious threat, however, in a business like that of the American Steel & Wire Company, which operates twelve plants in different parts of the country. Employees in the latter case protected themselves by demanding and securing one unit for all twelve plants.[12]

[12] 5 N.L.R.B., No. 116.

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This problem is not limited to single companies owning several plants. It is involved also in companies related as parent and subsidiary. Since the ultimate well-being of the subsidiary and its employees frequently resides in the parent organization, it may be necessary eventually for all employees of the subsidiaries to endeavor to negotiate uniformly through the same representatives or as a single unit. Just as one company could close down one plant, as the N. L. R. B. suggested in the Inland Steel case, so could a parent company deny financial aid to a subsidiary in which an effective labor organization secured a high wage scale. The threat is almost identical, and so it would appear that employees in all plants of one company, and in all companies of an integrated financial structure, have a common interest which will affect the determination of the electoral units.

So far as the determination of appropriate units is concerned, none of the amendments introduced to Congress thus far is likely to contribute substantially toward a fair settlement of the problem. The general idea of voting employees by craft, as provided in the language of the Railway Labor Act, is popular in some circles, and it is being given the most serious consideration. It is unlikely that any satisfactory definition of "craft" could be phrased for the N. L. R. A., however, and the experience of the Board indicates that in many cases only plant-wide units are practical. In the mass-production industries where the lack of differences in skill makes craft lines of negligible importance, in the mining industry where all men employed in and around the mines have long been dealing with management as one unit, and in other industries where several occupational and craft groups have negotiated as a single unit, a "craft or class" clause could only add confusion.

III

The process of determining how industrial workers shall be districted for choosing collective bargaining representatives is still relatively new, and the solution of the many problems involved is not yet apparent. At present these problems are receiving attention only as technicalities in the field of labor

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relations. It is already apparent, however, that the matter has considerable significance outside the field of labor relations. The apportionment of voters for industrial representation is closely related to the apportionment of voters for political representation, and the experience of the labor relations boards may contribute generously to the whole philosophy and practice of representation as it has been developed politically.

The traditional and prevailing system of voting for political purposes is by territorial districts. Schemes of functional representation have been applied in modified form at various times in history, however, and the theory of territorial representation has been seriously challenged in the twentieth century. The corporate state as envisioned by academic fascists would provide for the choice of representatives by occupational groups. The Soviet Union employs a similar idea. Even in democracies the practice of territorial representation sometimes has been discarded. Advisory councils have been constituted with representatives chosen not according to geographical districts but according to economic interests or occupations. Indeed, even in legislative bodies a whole system of occupational or functional representation is super-imposed on the system of territorial representation. People of the United States elect Senators and Members of the House of Representatives by geographical groups, but to promote or block any specific piece of legislation the voters align themselves with trade unions, manufacturers' associations or other pressure groups which represent them in the Capitol and compel the Congressmen to respond to their demands.

The practice of choosing political representatives by geographical groups was not always dominant. During the Middle Ages parliaments or councils were often composed of representatives of the priestly, military and plebeian orders without regard to territorial distinctions. In early municipal governments the representation of classes was carried even further. Dr. John R. Commons reports:

> The free cities were at first private business corporations of merchants, peddlers, and hucksters, chartered by the King in order that they might manage their private affairs and might

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> travel over the King's highways free from interference of the feudal lords. This corporation of merchants elected a president whom they called their *maire*. After a while, in one way and another, the different trades of handworkers, such as weavers, armormakers, shoemakers, and so on, also organized their own corporations, and elected their own presidents, whom they called *ealdormen*. These aldermen met together as a kind of Trades Assembly, or Central Labor Union, or Board of Walking Delegates, and finally demanded and secured a *veto* on the *maire*. . . .[13]

It is assumed that there was no explicit theory behind this system. The large body of the common people simply arranged itself into convenient groups, just as the working class today is arranging itself into craft and industrial unions according to homogeneity of interests. The absence of deliberate planning of the electoral districts of the early corporate municipalities, however, does not mean that the representation was any the less effective. On the contrary, representation appears to become less effective when it is planned and shaped to meet the requirements of some theory which may be rationally defensible but which overrides the natural or spontaneous groupings. The theory behind our system of electing legislators in the United States, for example, is rational. It is based upon the idea that interests within any given region are fundamentally unified and that interests vary among regions. It is now argued, however, that our system of territorial representation falls short of the democratic ideal in two important respects. First, it represents the voters in groups that are rarely homogeneous in political needs and opinions. Second, it represents only majority or plurality fractions of the several groups, leaving substantial minorities without any voice in the government.[14]

The guild socialists proposed remedies for this difficulty incidental to advocating that the administration of socialized

[13] Commons, John R., *Representative Democracy* (Bureau of Economic Research, New York, 1900), p. 20.

[14] Coker, Francis W., and Rodee, Carlton C., "Representation", *Encyclopaedia of the Social Sciences*, vol. VII, p. 313.

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industries and services should be entrusted not to government departments but to self-governing guilds or corporations consisting of all the workers in each industry. In the functional democracy envisioned by the guild socialists and the syndicalists there would be explicit representation of economic or occupational groups. It was argued that people voting in such units would have more in common than people living in the same geographical district. The theory of such proposals always broke down, however, when questions arose concerning the specific nature of the voting units. The vexing problem was one of fixing the electoral districts among workers having a wide variety of skills, performing a wide variety of industrial operations and spread out over wide geographical areas.

Modern governments have had practically no experience in dealing with this problem of occupational representation. Advisory councils representing a variety of economic interests usually have been constituted by appointment rather than by election, and the individuals represented such large groups that the question seldom arose as to what their exact constituencies were. In Germany, however, the Federal Economic Council encountered the general problem shortly after the World War. Various occupational and economic interests were to be represented in one body, and there were many disputes in defining the composition of the groups and fixing the distribution of representation among them. One economist described some of the difficulties as follows:

> . . . Petitions from the various vocational and consumers' associations showed evidence of the strength of each group's belief in its own importance, and its reluctance to credit other groups with much significance in society. Housewives demanded four representatives each for wives and domestic servants respectively, not merely one each, and asked to be treated not as a consumers' group, but as a pure occupational organization. The North-west German Handicrafts Union claimed a bigger representation by force of the number of people getting a livelihood in the occupations (including families), value of goods produced annually, and the wages paid; . . .

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> Then women in agriculture demanded a representation distinct from housewives in the towns, as rural and urban economy differed; and the milk-industry organization also asked for special representation. And so the tale goes on. . . .[15]

The situation which the German government faced in settling these questions regarding the economic council is not exactly parallel to the situation confronting the National Labor Relations Board and the National Mediation Board in settling the disputes over proper bargaining units, but the similarities are remarkable. Just as the agricultural women demanded representation separate from women in the towns, so do painters working in railroad marine repair shops sometimes seek representation separate from painters working in railroad car repair shops of the same company. In industry there is often the tendency of minority groups to assert that they are essentially different from the majority and should have independent representation for collective bargaining.

The real problem faced by the government in either case is one of applying the majority rule principle without trespassing on the rights of minorities. To bundle several heterogeneous groups together and insist that they shall have but one representative is not sufficient. Politically the minority group under such circumstances will seek other means for achieving its ends, and the method sometimes interferes with the proper functioning of representation. On the other hand, to allow minorities to break away from their proper units would be to invalidate the majority rule principle. This is one of the many problems never solved in political representation which requires action by governmental bodies dealing with matters of representation for collective bargaining.

In the final analysis, the problem faced by the old German economic council—or the problem involved in any experiment with occupational or functional representation—is identical to the problem perpetually before any government board which is required to decide how workers shall vote for men or organi-

[15] Finer, Herman, *Representative Government and a Parliament of Industry* (The Fabian Society, Westminster, 1923), p. 114.

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zations to represent them in collective bargaining. As a matter of fact, the problem of securing adequate representation for collective bargaining purposes is probably more important than the problem of securing adequate representation for political purposes, for collective bargaining is the process which determines the precise conditions under which workers shall spend the greater part of their waking hours. It is not fantastic to imagine, therefore, that in the process of discovering how to handle the appropriate unit question for employee elections, considerable knowledge may be accumulated which will facilitate an understanding of the problems of political representation.

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THE PRESENT SIGNIFICANCE OF THE TREATY OF LONDON OF 1915

THE last few years have been characterized by a rapid succession of events and a growing uncertainty over the future which shows no signs of clarifying itself. One of the storm centers has been Italy whose line of policy, beginning with the Abyssinian campaign, seems to have been directed in the two paths of colonial expansion and increased Mediterranean influence.

Two arguments are offered in support of the Italian claims. One, the naturally expansionist tendency of a young, vigorous and growing nation; the other, the complaint that, although she found herself counted among the victors of the World War, Italy did not receive her proper share of the spoils, whether the distribution be considered on the basis of an equitable return proportionate to her losses and efforts during the War, or on the stricter basis of treaty obligations.

Reference is constantly being made to the claims of Italy under the Treaty of London, and it seems therefore timely to examine both the original terms of that treaty and the subsequent fate of its stipulations. It is the purpose of this article to inquire to what precise extent the obligations undertaken by the Allies (Great Britain, France and Russia) toward Italy have been fulfilled, violated, or left in abeyance. An outline of the wartime agreements with Italy must therefore be given first.

I

When war broke out in the summer of 1914, Italy was allied with Germany and Austria-Hungary. The fact that these two countries, especially the latter, did not live up to the letter of the treaty of alliance,[1] and the consideration that the aims

[1] Article 5 of the treaty of alliance committed the partners to consultation previous to military action; Italy did not even receive advance notice of the

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pursued by Austria-Hungary in July 1914 ran counter to Italian interests, combined to insure Italian neutrality at the outset of the conflict. Once it had been established that the Austro-German plan to reach a quick decision by arms had been thwarted, the question became for Italy how best to profit from the situation; in other words, whether she could secure a higher price from her former allies in return for her continued neutrality, or from the *Entente* for joining the latter in the War. Negotiations were accordingly conducted both in Vienna and in London in pursuance of this policy.

The discussion with Vienna never took a very hopeful turn and, early in 1915, Italy began negotiating in earnest with the *Entente*. Her demands were presented to Lord Grey on March 4. The main opposition to these demands came from Russia, but London finally succeeded in effecting a compromise which was embodied in the Treaty of London of April 26, 1915. The terms of this treaty warrant examination in some detail.[2] For our purposes, and in view of subsequent developments, it will be convenient to distinguish between European and extra-European clauses.

The Italian frontier with Austria-Hungary (for it is important to remember that when the treaty was made there was no idea of the dismemberment of Austria-Hungary) was to be drawn anew from Switzerland to the Adriatic. Save for minor modifications it was described as what is in effect the present frontier in that region. The drawing of this frontier was predicated on two principles: the redemption of *Italia irredenta*, which had been a cardinal tenet of Italian policy from the beginning of the unification movement in the nineteenth century, and strategic security. As a consequence of

Austro-Hungarian ultimatum to Serbia of July 23. Owing to the conflicting interests of Italy and Austria-Hungary in the Balkans, a special clause (article 7) had been inserted in the treaty of alliance to cover just such a contingency as had arisen. By the terms of this article either country was entitled to compensations for any modification of the Balkan status quo (even a temporary occupation of territory) redounding to the advantage of the other.

[2] The following articles are left out of this discussion: 1, 2, 3 (military and naval arrangements); 11, 14 (financial clauses); 15 (Vatican); and 16 (secrecy).

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the application of the latter principle, roughly a quarter of a million Germans in the Tyrol and three quarters of a million Slavs in the east would be annexed to Italy. One very significant point, especially in view of the importance which it assumed in the peace settlement, is the fact that the city of Fiume was specifically reserved in the Treaty of London (along with a small stretch of coast south of Fiume and the southern Dalmatian coast) "to Croatia, Serbia, and Montenegro."

Control of, or at least security in, the Adriatic had also been one of the principal aims of Italian policy, and the Treaty of London went a long way toward the realization of that aim. The initial Italian demand for the province of Dalmatia as far as the Narenta River, together with the islands, had been whittled down, owing to Russian opposition, to about half of the original claim. Italy was to receive Dalmatia as far as Cape Planka and most of the islands, the rest of the coast and islands being neutralized. In the southern Adriatic, Italy was to obtain in full possession the strategically important town of Valona. Albania was to be partitioned between Serbia and Greece, leaving a small autonomous neutralized state in the central portion, the control of whose foreign policy Italy would have. With the possession of Pola, Valona and the majority of the islands, Italian control would be quite secure. Only the important bay of Cattaro did not fall to Italy, but that was to be neutralized. With security once achieved in the Adriatic and with a foothold in Albania, Italy would be in a good position to press her influence in the Balkans.

The extra-European provisions of the Treaty of London do not show the same well-defined policy that is evidenced in the European clauses. Having secured her back door on the Alps and in the Adriatic, the next natural zone of interest for Italy was the Mediterranean. She was to acquire full sovereignty over the Dodecanese Islands which she had been occupying since the Tripolitan War of 1911-12. She had developed for some time growing economic interests in Asia Minor and, in view of a possible partition of that region, it was recognized in the treaty that "she ought to obtain a just share of the

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Mediterranean region adjacent to the province of Adalia." The zone to be alotted to Italy was to be delimited "at the proper time, due account being taken of the existing interests of France and Great Britain." In case the territorial integrity of the Turkish Empire should be maintained and modifications should be made in the British, French and Russian shares, Italian interests were to be "taken into consideration," and in the event of wartime occupations on the part of the other Powers, Italy would be entitled to occupy the above mentioned region "within the limits indicated above." We may notice, in passing, the vagueness of the language in this whole Turkish clause.

A late comer in the colonial field, and too busy at home to have pursued a vigorous colonial policy, Italy by 1915 had gained possession of Eritrea, Somaliland and ill-conquered Libya. Whatever interest there was in colonies was naturally connected with these possessions. Italy was confirmed in full possession of Libya and, for the rest, the subject was covered by article 13 of the Treaty of London which read as follows:

> In the event of France and Great Britain increasing their colonial territories in Africa at the expense of Germany, these two Powers agree in principle that Italy may claim some equitable compensation, particularly as regards the settlement in her favor of the questions relative to the frontiers of the Italian colonies of Eritrea, Somaliland and Libya and the neighboring colonies belonging to France and Great Britain.

This agreement "in principle" to "some equitable compensation" qualified by the notion of frontier rectifications could obviously, as in fact it did, become the object of much controversy, still alive at the present day. Finally, Italy associated herself in the declaration of the *Entente* Powers promising to leave the Moslem holy places in Arabia under the authority of an independent Moslem power.

Four points emerge in order of decreasing importance as expressed by the definiteness in the clauses of the treaty which covered them: the northeastern land frontier, well defined, on

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which the Italian claim was granted in full; the Adriatic and the Balkans, also defined with precision, where Italy had been willing to abate some of her original claim; Asia Minor, where a claim was staked out with a fair amount of definiteness; finally, Africa, the subject of the vaguest terminology.

Having joined the *Entente* in the War, Italy remained nevertheless in a somewhat distinct position. On the part of her new allies it was generally considered that her assistance had been bought for a price in the determination of which she held the whip hand; on her side Italy concentrated her attention almost exclusively on the Austro-Hungarian adversary and often acted as if she were conducting a separate war. It took events such as Caporetto, the German advance in France in the spring of 1918, and the common and increasing dependence of all the Allies on the United States to bring about real co-operation.[3] This distinction between Italy and her allies found expression, among other things, in the fact that the partition of the Turkish Empire was arranged among Great Britain, France and Russia quite independently of Italy. She was informed neither of the agreements entered into previous to her entrance into the War, nor of those effected afterwards. Sonnino, the Italian Foreign Minister, repeatedly sought clarifications in London, but encountered dilatory tactics; only in October 1916 was he finally informed of the agreements already made. He naturally took the position that Italy ought to have an equal voice in the future of Turkey and entered a claim for a portion of Asia Minor including Smyrna as well as "the province of Adalia" (altogether, the vilayets of Konia, Adana and Aidin). It was not until April 1917 that the debate came to an end in the course of a meeting of the Allied Prime and Foreign Ministers held at St. Jean de Maurienne. By the terms of this agreement Italy recognized the previous Franco-British understandings[4] and obtained a

[3] Italy did not declare war upon Germany until August 1916. The magnitude and complexity of the task of supply necessitated the creation of central organs of control acting for all the Allies.

[4] The Sykes-Picot Treaty of 1916 defined the French and British zones. Late in 1916 Sonnino had sanctioned the agreements in regard to the disposition of Constantinople.

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definition of her own share of territory in Asia Minor. The Italian zone comprised the southern part of Asia Minor, including Smyrna, and abutted in the east on the French claim; in addition, a zone of Italian influence was delimited north of Smyrna. This agreement was prefaced by the phrase "subject to the consent of the Russian Government," and this provision was repeated in its last clause: "It is understood that the present memorandum shall be communicated to the Russian Government in order to enable it to express its opinion."

The events taking place in Russia at this time, which were to culminate in the accession of the Bolsheviks to power and the complete withdrawal of that country from the War, prevented it from ever expressing its opinion on the score of the St. Jean de Maurienne agreement, a point of great importance when the fate of Asia Minor came up for discussion during the peace negotiations in 1919. The agreement was never ratified as a formal treaty but remained as evidence of the promises made to Italy by her British and French allies.

The two agreements which have been analyzed constituted the written charter of Italian aspirations in the event of Allied victory. Two further events must be taken into consideration in order to give a complete picture of the situation when the time for peace came: the disintegration of the Austro-Hungarian Empire and the intervention of the United States. The strain of prolonged warfare served to crystallize the discontent of the subject nationalities of Austria-Hungary into a movement for complete independence of which the Allies gradually assumed sponsorship. Italy tended to be suspicious of this movement and opinion was hesitant and divided. The dark days following Caporetto gave strength to a conciliating tendency which found its highest expression in the Congress of Oppressed Nationalities, held in Rome in April 1918. The Congress issued a declaration, the Pact of Rome, which propounded in general terms the idea of coöperation in a joint struggle for the achievement of full independence and national unity of the various subject nationalities. However, the Italian government was not officially represented among the signers, and with the turn of tide of war the nationalistic tend-

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ency became dominant.[5] The Pact of Rome remained as the mere record of an expression of pious wishes.

The other and more important element was the intervention of the United States on the side of the Allies. The circumstances of this intervention and the power of the United States caused it to become the chief exponent of the Allied ideology; the famous Fourteen Points became the charter of Allied war aims. Although this program was the outcome of careful consideration, it had to be primarily a general declaration of principles, which, however, definitely committed the Allies to the principle of nationality. Point IX, which referred to Italy, stated that "a readjustment of the frontiers of Italy should be effected along clearly recognizable lines of nationality." It would be idle to deny the conflict between this statement and the terms of the Treaty of London, nor can any weight be given to the plea of ignorance of the stipulations of that treaty on Wilson's part. This contention has been definitely exploded. The Italians were indeed well aware of the conflict, but their position did not enable them to challenge the United States, and Orlando took the ambiguous course of paying homage at the same time to the Pact of Rome, the Fourteen Points, and Italian aspirations.[6]

It has been necessary to present the foregoing analysis at some length, for a clear grasp of the elements of the problem as they stood at the close of the War is indispensable to an understanding of subsequent events. As the peace congress was about to assemble, three courses would seem to have been open to the Italians: strict adherence to the letter of their treaty, with the consequent open conflict with Wilson; renunciation of their claims in so far as they conflicted with the principle of nationality, in the hope that a new order of things

[5] The various tendencies of Italian opinion were represented in the Cabinet in which they created not a little friction. The compromising tendency was definitely defeated when Orlando, forced to make a choice, retained his Foreign Minister and accepted the resignation of Bissolati, chief exponent of the opposite thesis, in December 1918.

[6] Limitations of space prevent a discussion of the other points which affected Italian interests; Point IX was the clearest and most immediate source of conflict.

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would govern international relations in the future; a compromise, whereby they would yield all or part of their claims in exchange for compensations elsewhere. The risks of the first course were too obvious to need emphasizing; as to the second, it was not likely that any government would consent to take such a plunge in the dark; the third would have called for a contribution from Great Britain and France. It was a difficult position at best, and neither the intrinsic power of Italy nor the quality of her statesmanship augured well for the outcome.

II

The very armistice negotiations brought out some of the difficulties that the passage of time would only magnify. The requests of the Central Powers for armistices on the basis of the Fourteen Points were examined by the Supreme War Council in October-November 1918. On three different occasions at this time the Italians sought to enter reservations to Point IX, but the issue was side-stepped, thus creating from the start a situation which led to later recriminations. At the same time they occupied a line coinciding with the frontier described in the Treaty of London.

In outlining the peace settlement it will be convenient, as in the discussion of the wartime treaties, to treat separately the settlement in Europe and that in the Near East and in Africa.

Wilson arrived in Paris on December 14, but nothing came of his early interest in the Italian question and his visit to Rome in January only succeeded in creating further estrangement. During the next two months the various Powers defined their respective positions. The report of the American Territorial Experts took little account of the Treaty of London; the so-called American or Wilson line was a compromise between the ethnic principle and that of strategic security. It denied Italy the Upper Adige, Eastern Istria, and all the Dalmatian coast and islands; it also recommended giving Italy Valona and its immediate hinterland, but only in mandate.

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The Italians submitted their claims in a verbose memorandum. They asked for the Treaty of London line, with some minor strategic rectifications, and entered an additional and ill-advised claim for the city of Fiume. Fiume was destined to play a rôle out of all proportion to its real importance. The city proper constituted an island of Italian population in a solid Slav environment; with the suburb of Sušak the whole agglomeration had a slight Slav majority. Fiume proper, together with some adjacent territory but without Sušak, had been a *Corpus Separatum* under the Hungarian crown. The Treaty of London specifically reserved Fiume to Croatia; its hinterland was wholly non-Italian, and it had not figured in any serious way among the Italian irredentist claims until the later stages of the War. No doubt the disruption of Austria-Hungary created a new situation, but that argument, applied to the Treaty of London, cut both ways. What had happened was that the government, having allowed the agitation for Fiume to reach considerable proportions, deemed it good internal politics to make the claim its own and found itself manoeuvred into a position where it was no longer able to yield. To be sure there was nothing new in the use of the necessities of home politics as an argument in support of a claim; such tactics have indeed been greatly perfected since the end of the Great War.

The Yugoslavs also put their claims before the Peace Conference; they demanded essentially the maintenance of the eastern frontier of 1914 between Italy and Austria-Hungary. Their claim was advanced mainly for bargaining purposes and they were reconciled from the beginning to something like the American line; for that reason they offered to submit their case either to Wilson's arbitration or to the outcome of plebiscites, and sought in general to turn their dispute with Italy into one between Italy and Wilson.

When Wilson returned to Europe in the middle of March, it was time for the making of final decisions. The fact that the United States, Great Britain and France concentrated on the German settlement, which for them came first in order of importance, further emphasized Italy's isolation. When the

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Italian problem was finally taken up in earnest in the middle of April, Orlando sought to establish that the Italian claims (the Treaty of London plus Fiume) did not conflict with Wilson's principles. The case was too strained to be very effective. Actually, however, the Italians were willing to compromise, yielding Dalmatia in exchange for Fiume. As a last resort, if a compromise could not be effected, they would fall back on the written obligation of the Treaty of London, the validity of which Great Britain and France did not attempt to deny. This might seem an awkward position for these Powers aware of Wilson's irreconcilable opposition to the Treaty, but they were able to confront the Italians with this dilemma: either the Treaty of London, but that treaty to the letter, i. e., without Fiume; or Fiume. Fiume having become a political necessity for the Italians, the British and the French were thus able to extricate themselves and to let the Italians fight it out with Wilson. Actually, there was no love lost on their part for the Treaty of London, and the possibility of their furnishing a way out by considering the Italian case *in toto* and making the Adriatic settlement part of a broader scheme was never entertained for long.

By this time tempers had become so frayed that Wilson had recourse to the ill-considered device of issuing a public statement on the question. All he achieved thereby was to bring on his head the unanimous wrath of Italian opinion, and the chief Italian delegates withdrew from the Conference. The events which took place during the two weeks' absence of the Italians were hardly a credit to Allied statesmanship, which hit upon the scheme of sending a Greek expedition to Smyrna.[7] Upon their return to Paris the Italians acquiesced in the *fait accompli* with surprising meekness.

[7] It must be said that the Italians had created general annoyance by landing troops on their own initiative at various places in Asia Minor. The plea that they were doing this to maintain order, or alternately that the landings were ordered by Sonnino unbeknown to Orlando, hardly helped their case. On the other hand, blundering as these tactics may have been, the Italians had cause to fear that their claims in Asia Minor would meet the same opposition as their claims in the Adriatic.

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Despite considerable activity nothing essentially new happened before the signing of the German Treaty and Wilson's departure on June 28. The discussion continued to drag on after this, always centering on the small point of the fate of Fiume. It was impossible to find a solution so long as Wilson insisted that he would not yield it to Italy and at the same time that he retain a power of veto over any settlement. Meantime the Austrian Treaty was being drafted and was signed in September. It should have proved eminently satisfactory to Italy, for by it she secured the Brenner frontier promised her in the Treaty of London, with small strategic rectifications at Sexten and Tarvis. When one thinks of the position of hereditary enemy and oppressor that Austria-Hungary had held with respect to Italy, the securing of this frontier and the disruption of the Empire were advantages far beyond anything that Italy could have hoped for in 1915. Yet these long-term benefits almost passed unnoticed at the time, obscured by the more obvious and immediate concern over a bad economic situation and the bitterness generated by the Adriatic controversy.[8]

Successive Italian governments were unable to settle the dispute, but after the collapse of Wilson and the defeat of the Democratic Party in the American elections, the British and the French, grown weary of the debate, left the Italians and the Yugoslavs to face each other. In these circumstances a settlement was speedily reached. By the Treaty of Rapallo of November 1920, Italy secured the land frontier which she had sought in the east; in the Adriatic she only retained the Istrian islands of Cherso and Lussin in the north, Lagosta and Pelagosa in the middle region, and the town of Zara. The *Corpus Separatum* of Fiume with a narrow strip of land joining it to the Italian frontier was erected into a free state. This restored normal conditions between Italy and Yugoslavia

[8] There was considerable friction in Fiume itself which was being used by the French as a supply base for their armies in Central Europe and the Balkans. Serious incidents occurred in the summer of 1919, as the result of which the policing of the city was to be taken over by a British force, but the day before this was to take place the city was seized by d'Annunzio. D'Annunzio held the city, which afforded an excellent stage for his theatrical propensities, until expelled by the Italian government at the end of 1920.

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but proved to be an unsatisfactory settlement for Fiume itself.[9] In the free state there was continued unrest which persisted when the Fascists seized power in Italy in October 1922, and it fell to the new régime to produce a definitive solution. By the Treaty of Rome of January 1924, the free state was annexed to Italy while the frontiers of the Treaty of Rapallo were maintained.

As to Albania, the government of Giolitti and Sforza which had signed the Treaty of Rapallo took the radical step of evacuating that country while recognizing its independence within the frontiers of 1913.[10] Only the islet of Saseno at the entrance of the bay of Valona was retained in full possession by Italy.

This completes the picture of the European settlement resulting from the World War in so far as it affected Italy, and that picture remained unchanged until April 1939. If one compares it with the terms of the Treaty of London, the post-war settlement represents a definite yielding on the part of Italy in that she failed to secure control of the eastern Adriatic shore. In exchange for that concession she received a slightly more favorable land frontier in the east and possession of Fiume. Whether the exchange was a good one or not, it was at all events the result of free negotiations between the principals in the bargain, and as such may be said to have superseded the Treaty of London. In fact, whatever agitation there has been in Italy since the War on the score of Dalmatia has been based on ethnic considerations, historic and "natural" rights and aspirations, and not on the specific plea of broken treaty pledges.

Mention has been made of the clauses of the Treaty of London, made specific at St. Jean de Maurienne, which defined

[9] A dispute arose in Italy as to whether Porto Baross, a part of Fiume harbor, did or did not belong to the *Corpus Separatum*. Sforza acknowledged it as belonging to Yugoslavia in a letter which was not made public at the time. This procedure naturally played into the hands of the nationalistic opposition both in Fiume and in Italy.

[10] This solution received final sanction with the recognition of Albanian independence by the Powers and her admission to the League of Nations at the end of 1920.

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Italy's share in the spoils of Turkey—if such spoils there were to be. The Russian Revolution eliminated that country from the competition for the succession of the Sultan, and the secret agreements in regard to Turkey did not become an object of controversy at the Peace Conference. In practice, however, the ultimate outcome followed closely the outline of the war-time schemes of partition.

Mandates were taken up by the Conference during the absence of the Italians. To make a long story short, it suffices to say that in the unreal atmosphere of those days, the skill of Venizelos in dealing with Wilson, in contrast with the tactics adopted by the Italians, was largely responsible for the decision to send a Greek expedition to Smyrna. In theory this was to be an Allied force, but in fact the Greeks were to remain in Smyrna and this seems to have been taken for granted in subsequent discussions. A rather feeble Italian attempt at bringing forward the St. Jean de Maurienne agreement was met by the curious British and French rejoinder that this agreement, having never been ratified by Russia, could not be held valid. Successive schemes for the partition of Asia Minor were brought forward in the late spring of 1919. They served to emphasize Franco-British rivalry and provided full scope for the exercise of Lloyd George's agility in shifting position. Nothing came of any of these plans, but the fact that they were elaborated without consulting the Italians, and the prevalent feeling that Italian claims were in the nature of a general nuisance, are highly significant.[11]

It was not until 1920 that a series of treaties signed at Sèvres on August 10 outlined a settlement for the Turkish territories of the former Ottoman Empire. Under the terms of these treaties Italy retained the Dodecanese Islands[12] and

[11] For a good illustration of this, see the Balfour memorandum given in R. S. Baker, *Woodrow Wilson and the World Settlement* (New York, 1922), vol. III (Document 41), pp. 303-7.

[12] She was to turn these over to Greece, however, with the exception of Rhodes. Rhodes could revert to Greece as soon as Great Britain would cede Cyprus, but not before fifteen years in any case. This arrangement was abrogated in connection with the settlement of 1923.

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a sphere of influence in Anatolia. This sphere of influence corresponded roughly with the zones assigned to Italy at St. Jean de Maurienne, except for a "territory of Smyrna" nominally under Turkish sovereignty, the exercise of which, however, was transferred to Greece. The Italian government evinced little enthusiasm for this cumbersome settlement and, when a revival of national spirit occurred in Turkey under the leadership of Kemal Pasha, the Italian attitude was one of sympathy and understanding rather than of opposition. Only the Greeks were left to bear the brunt of the struggle without support from any of their former allies. The new Turkey received formal recognition at Lausanne in 1923, and Italy retained only the Dodecanese, still in her possession at the present time. Thus was Italy frustrated in this quarter as well as in the Adriatic. However, she acquiesced freely in the relinquishment of Anatolian territory and she neither could nor did hold her allies responsible for the final outcome. The same does not hold for the manner in which the question was treated in the spring of 1919, nor for the colonial settlement in Africa.

Colonial questions, which for Italy meant African questions, were mentioned in articles 10 and 13 of the Treaty of London. Libya had been nominally conquered by 1915, but in fact the conquest was far from being either complete or effective. As the result of demands made by the prosecution of war on the home front, the Italians did little more than retain effective control of the coast, and the country had to be reconquered after 1919. The Italian title was made clear, however, by the Sultan's renunciation in the Treaty of Sèvres of the last vestiges of influence which he had retained after the war of 1911-12.

At the Peace Conference it was decided that the former German colonies would be distributed as mandates among the victorious Powers. This meant in practice that the lion's share went to the British Empire with France receiving the next share.[13] This arrangement clearly opened the question of

[13] Belgium and Japan also received mandates, and even Portugal was given a few square miles of territory, but these were minor spoils by comparison with the British and French shares.

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the application of article 13 of the Treaty of London. The contention that the German colonies had become mandates and not outright acquisitions thus invalidating the provisions of the Treaty may well be dismissed as too tenuous, and Orlando took the simple and logical position that Italy would agree to any scheme of distribution of the German colonies provided Italian interests received due consideration, for, as he said, "if mandates were a burden Italy was ready to accept them. If mandates had advantages, then Italy had a right to share in them."[14] In deference to Wilson's feelings on the subject of secret treaties, he had rested his contention not on the written letter of the Treaty of London but on general grounds of equity based on the view that the War had been a joint enterprise so that its burdens and benefits ought to be shared proportionately by all. As it happened, the distribution of mandates took place during the absence of the Italian delegation from Paris over the Fiume controversy, on the same day that Wilson, Lloyd George and Clemenceau invited Venizelos to send his Greeks to Smyrna.[15] It is of interest that Orlando acquiesced in what had been done and contented himself with making the above mentioned remark.

The result of the decisions made in regard to the former German colonies was to put the question of colonial compensations to Italy under article 13 of the Treaty of London squarely up to Great Britain and France. It both weakened Italy's position, in that she had given her assent to the distribution of colonies, and clarified it in that there was no possibility of any American interference as in the case of the Adriatic. It was in fact decided to set up a committee of the three Powers to examine this very question. Signor Crespi, the Italian delegate on that committee, offered to renounce any claims on the basis of article 13, if Italy shared in mandates,

[14] In the Council on May 7. *Cf.* D. H. Miller, *My Diary at the Conference of Paris* (New York, 1928), vol. XIX, p. 572.

[15] The actual mandates were not issued until later but, except for the Belgian mandate, the distribution remained as outlined on May 6, 1919. It may be noted that it was known at this date that the Italians were coming back to Paris, and they were present in fact at the Council meeting the next day.

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but his proposal was turned down on the ground that mandates had already been distributed with Italy's consent. He therefore fell back on the letter of the Treaty. The text of article 13 pointed to frontier readjustments in Libya and in East Africa; it is therefore important to examine the extent of the Italian claims in these two regions.

Libya abuts on Tunisia in the northwest, and the boundary between the two territories had been the object of a Franco-Turkish convention of 1910. In the south a Franco-British convention of 1899 defined the respective zones of influence of the signatories. Turkey had naturally not been a party to this arrangement and Italy, falling heir to the Turkish possessions, was of course in no way bound by the Franco-British agreement and naturally claimed a voice in the drawing of frontiers. It was pointed out, in addition, that Libya ought to have an adequate hinterland to make it of any value, since it was the natural outlet for much of the Sudan trade which was being diverted to the French and British possessions to the west and east. On the basis of this contention, the more enthusiastic exponents of colonial expansion in Italy envisaged a huge territory extending to Lake Chad in the south and bounded on the west and east by the meridians of longitude 9 and 25 respectively. This would be going far beyond mere frontier rectifications, and no such claims were officially put forward by the Italians in 1919. As it was, the committee of Great Britain, France and Italy organized on May 7 held some inconclusive deliberations and the question of Libyan frontiers was left to direct negotiations between Italy and each of her two allies. In 1919 the matter was not pursued with any too much vigor by Italy whose attention and energies seemed to be wholly absorbed by internal politics and the problem of the Yugoslav frontier. In September an agreement was finally made with France as the result of which the two salients of French territory between Gadames and Gat and between Gat and Tummo were eliminated. Some other minor agreements affecting colonial railroad connections and the status of Italians in Tunisia were made at the same time. These concessions were aptly described in Italy as "useful but

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small", and it is important to notice that the Franco-Italian agreement of September 12, 1919, states that the two governments "have agreed on the following points, while reserving other points for further examination." It is this statement which is keeping the Treaty of London alive today.

In the east Italy had to deal with Great Britain and Egypt and she finally succeeded in obtaining the frontier that she wanted, the present frontier in that region, although as the result of incidental delays the final treaty of cession was not signed until 1925. The southeastern boundary of Libya from Tummo to the Anglo-Egyptian Sudan remained along the line of the Franco-British convention of 1899. Thus were established the frontiers of Libya as the result of the War, and such they remained until 1935.

Article 13 of the Treaty of London applied equally to frontier modifications in favor of Eritrea and Somaliland, Italy's possessions in that part of the world prior to 1915. We have Tittoni's statement[16] for the fact that during the negotiation of the Treaty of London Italy had sought to obtain from France the cession of Jibuti. France opposed this concession to the extent of wanting to add to article 13 a clause definitely excluding Jibuti from the purview of that article, and a compromise was reached in the vagueness of the final terminology of article 13. The French position had not changed in 1919, the argument being that retention of Jibuti as a station on the road to Madagascar and Indo-China was essential, while the possession was too small to allow any diminution of its extent. There remained British Somaliland and British East Africa as areas in which Italy might secure concessions. The main Italian interest was in the latter, where since 1905 Italy had held a lease in the port of Kismayu at the mouth of the Juba River.[17] An area of some 30,000 square miles on the right bank of this river was offered to Italy. Tittoni, who had succeeded Orlando as head of the Italian

[16] Speech in the Chamber of Deputies of September 27, 1919. Tittoni was Foreign Minister and head of the second Italian delegation to the Peace Conference from June to September 1919.

[17] Owing to the dearth of harbors along the coast of Italian Somaliland.

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delegation in Paris, decided to accept the offer. Despite this agreement there ensued a lengthy delay as Great Britain sought to link the actual cession with the question of turning over the Dodecanese Islands to Greece, so that the final treaty was signed only in 1924. It may be noted that in announcing acceptance of the original agreement Tittoni pointed to the disproportion between the British and the French concessions and stated that the negotiation was not closed as the result of these concessions, but would have to be continued in regard to further Italian claims. However, the issue of the applicability of article 13 has been used only in connection with the claims against France. In East Africa as well as in Libya frontiers remained unchanged until 1935.

Such then was the settlement which grew out of the World War. It has been necessary to dwell at some length on the details of this settlement and on the manner in which it was reached, for both elements are important in subsequent developments. A rather fruitless debate might well be initiated as to whether Italy was cheated of the fruits of victory. There is no denying that the situation which confronted Europe in 1919 was vastly different from anything that was contemplated in 1915. The withdrawal of Russia from the war, the participation of the United States, and the disruption of Austria-Hungary created wholly new problems which had to be faced, treaties or no treaties. As to the former territories of Austria-Hungary there was comparatively little choice. To a large extent the Peace Conference could do no other than take cognizance of the changes that had occurred. The question was not whether to recognize the new nationalities, but how to adjust their conflicting claims. There were those in Italy who realized the significance of the change that had taken place along the Danube and favored a policy of coöperation with the succession states. This prospect did not appeal to the Italian government of the time, and particularly not to Sonnino, its persistent, stubborn, and somewhat narrow Foreign Minister, who regarded obtaining the Brenner frontier and control of the Adriatic as far more real securities than the long-term possibilities of a policy of coöperation.

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In addition, there developed very early a conflict between the attempt to further Italian influence in Central Europe and the Balkans and the French policy of assuming the leadership of the newly created or aggrandized states on the basis of their common stake in preserving the status quo. Such a conflict had nothing to do with régimes and was inherent in the situation. Thus it was that the particularly acute conflict with Yugoslavia created considerable ill feeling toward France, and setbacks to Italian policy have often been charged—in and out of season—to French machinations. French policy toward Italy, on the other hand, can hardly be called generous and the aggregate of comparatively petty denials has come to loom larger than the sum of its component parts. All this suggests a still more fundamental consideration, namely, the fact that in 1919 Italy, though counted as one of the victors in the War, was in fact much the weakest among these nations, while the collapse of the Central Powers robbed her of the advantage deriving from the position of sitting on the fence between two evenly matched camps—a position which had been hers in 1915. Thus the tables were turned, and Italy was treated as if she could be fairly well ignored in the final settlement; and in fact she played a surprisingly minor rôle at the Peace Conference, centering her attention on the tiny question of Fiume, allowing her allies to arrange between themselves the colonial settlement and acquiescing in the turning over of Smyrna to the Greeks. Not only was she treated as a second-rate Power, but she behaved as one. Her violent conflict with Wilson lost her whatever support she might have had from that quarter, and the isolation which she herself had emphasized during the War was visited upon her with a vengeance. It is only natural, in the circumstances, that the feeling should have taken root in Italy that she was cheated of the fruits of victory. Most of the cheating, if such it can really be called, was the outcome of unforeseen circumstances, but the fact remains that, looking at the net result of the treaties, Italy did find herself balked in almost every direction. From the standpoint of strict legality, however, article 13 of the Treaty of London is

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the only ground on which this contention may be based, and it is the only item of that treaty which is still alive at the present time.

III

In the period since the War two dates are of especial importance in Italian affairs: 1922 and 1935. The first marked the advent of the present fascist régime. The primary cause of this event was the internal situation for, owing to the meagerness of her economic resources, the strain of war had proved comparatively greater in Italy than in any of the other victorious Powers; a succession of weak governments created the general weariness which made it possible for a régime promising order and stability to seize power without encountering serious opposition. In a milder way there took place in Italy a phenomenon similar to that which occurred in Germany, for the theory—partly fact and mostly myth—that Italy had won the War but lost the peace, and that largely as a result of the machinations of her associates in the War, was one of the talking points of the new régime and has been sedulously cultivated by it.

However, the foreign policy of the Fascists was little different from what it might have been under parliamentary rule. Of necessity it must pose as strongly nationalistic, but in actual practice it was not unwilling to compromise. Indeed, unhampered by criticism and not open to the charge that it was betraying Italian interests—a charge which had often been proffered, regardless of its merits, as a move in the game of internal politics—it was able to make concessions which a weaker government might not have been able to make and survive. This is well illustrated by the final settlement in 1924 of the Fiume controversy.

In spite of this, relations with Yugoslavia have, on the whole, been unsatisfactory. This is not surprising in view of the fundamental conflict between the two countries, for there is in the north a Slovene *irredenta* which has tended to block whatever conciliating attempts have originated in Belgrade. Italy feels that her control of the Adriatic is not complete so long

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as the eastern shore is fully in the hands of a potential enemy, and conversely Yugoslavia has felt deeply suspicious of any Italian attempts to make that control water-tight, as well as of Italy's Balkan policy. This suspicion has manifested itself over Albania, which has had a checkered career since the War. As early as 1921 the conference of ambassadors charged with the task of delimiting its frontiers recognized Italy's predominant stake in the maintenance of Albania's integrity. And in fact Albania became and remained a virtual Italian protectorate in all but name. Italy's handling of the Corfu incident was a clear warning and a forerunner of things to come.[18]

The friction with Yugoslavia has been closely connected with Franco-Italian relations. These have fluctuated, but repeated attempts to come to a durable understanding have consistently failed. Though the actual points of dispute between the two countries are relatively insignificant, Italy has been irritated by the real or supposed French persistence in refusing to recognize her proper importance. Italy has remained suspicious of French policy in Central Europe and the Balkans, much as Yugoslavia has distrusted Italian purposes. France's successful attempt until recently at maintaining the leadership of a coalition of the succession states in their common desire to preserve the status quo has naturally come into conflict with Italy's endeavor to establish her influence in the same region. Thus it is that Italy made herself the sponsor of Hungary and took an increasingly definite stand in favor of treaty revision. No better example of this rival play could be given than the signature of the Franco-Yugoslav treaty of November 1927 followed within a fortnight by an Italo-Albanian treaty of alliance.

This play and counterplay of influence went on until new elements entered the situation in the form of the definite failure of the disarmament conference and the advent of the world economic crisis. These events had a large share in the acces-

[18] This incident grew out of the murder of General Tellini, head of the mission charged with the drawing of the Albanian-Greek frontier. When Italy's demands on Greece were not fully met a naval force was sent to Corfu which was bombarded and where a landing was effected.

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sion to power of the present régime in Germany. German rearmament brought about for a moment the possibility of a reconstruction of the wartime alignment; this attempt and its failure must be examined in some detail.

The emergence of the Third Reich was potentially as dangerous to Italy as to France, who found common ground for coöperation first and foremost in the preservation of Austrian independence. Negotiations had sufficiently advanced during 1934 for M. Laval to go to Rome at the beginning of January 1935, and an agreement was signed on the seventh. The Austrian question and disarmament were dealt with in this agreement, but more important in this discussion was the settlement of African questions. The general declaration which prefaced the other instruments contained this statement:

> Considering that the agreements of to-day's date have assured the settlement of the principal questions which previous agreements left outstanding between them, and especially of all questions concerning the application of Article 13 of the London Agreement of April 26, 1915.

In fulfillment of these questions, the Libyan frontier was to be drawn beginning at Tummo along a line parallel to the line of the Anglo-French Convention of 1899, which was the existing frontier, Italy thus receiving some 44,000 square miles of desert lying between the old line and the new. Likewise a small triangular section—some 300 square miles—was to be transferred from French Somaliland to Eritrea, together with the island of Doumeirah. The value of this cession was purely strategic in view of its location at the entrance of the Red Sea.[19] Finally the vexed question of the status of Italians in Tunisia was also settled, and this in a manner satisfactory to France, for, beginning with 1965, the children born of Italian parents in Tunisia would be subject to French nationality laws.

It would seem then that the Treaty of London was definitely superseded; this intention seemed clearly indicated in the phrase "and especially of all questions concerning the appli-

[19] Italy was also to receive a block of 2,500 out of 34,500 shares in the Jibuti-Addis Abeba railway.

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cation of Article 13 of the London Agreement", particularly if one compares it with the phrase "while reserving other points for further examination" which appeared in the Franco-Italian agreement of September 1919. However, as events turned out, the end was not yet to be.

If one examines the value of the French cessions to Italy, the fact that a quarrel which had been running for sixteen years was settled for such small coin could only be due to either or both of two reasons: either the Italians estimated the German menace to Austria to be of such importance that they felt they could no longer indulge the luxury of what was by comparison a very minor difference, or else there was more in the Laval-Mussolini agreement than at first met the eye. On the score of Austrian independence the Italian government had taken a very categorical position and its action on the occasion of Dollfuss's murder showed that it was not indulging in empty rhetoric. On the other hand, as we now know from the frank revelations of Marshal de Bono, by the beginning of 1935 Signor Mussolini had already made up his mind on the subject of Abyssinia. That Abyssinia was discussed between M. Laval and Signor Mussolini in January 1935 there is no doubt, but the question of precisely what was said or agreed upon must wait upon further disclosures.[20] M. Laval has asserted that he did not go beyond agreeing to France's economic disinterestedness in favor of Italy in Abyssinia. The Italians have claimed that it was their impression that they received a free hand in Abyssinia, although Signor Mussolini himself has made no categorical statement on this point. Whatever the case may be, the sequel is well known. It is likely that Italy did not contemplate originally the outright conquest of the whole country, but the manner in which the affair developed—the intervention of the League of Nations, the imposition of sanctions, and the success of Italian arms—combined to produce this result. What started out as a colonial adventure of possibly modest dimensions had far-reaching consequences on the continent of Europe.

[20] The matter may never be definitely established, for it seems that final agreement was reached during the course of a private meeting between M. Laval and Signor Mussolini on January 6, 1935.

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During the period of sanctions Italian resentment was turned full blast against Britain, but after the success of the Abyssinian campaign France became again the main object of abuse, despite the rôle she had played in making sanctions ineffective, or at least not fatal. Another consequence has been the creation of the Rome-Berlin Axis; the Spanish civil war began shortly after the Italians had entered Addis Abeda and they soon had a large stake in Franco's victory. Like the Abyssinian imbroglio the Spanish civil war developed into a much larger problem than was originally expected. Taking advantage of the situation, Germany has succeeded in breaking through her territorial boundaries and pushing into Central Europe and toward the Balkans. By comparison with the thoroughness of German activity the Franco-Italian rivalry in these regions was a leisurely gentlemanly game. Whether it be design or necessity, Italy has taken the position that the spread of German territory and influence are not inimical to her interests; the least that can be said of this is that it is a complete reversal of every traditional Italian policy.

It should be remembered that despite its peaceful policy for over a decade after its accession to power, the fascist régime has consistently striven to develop an aggressive spirit in the nation, and on many occasions Signor Mussolini has predicted that Europe would undergo crucial rearrangements between 1935 and 1940. In fact the year 1935 may be described as marking the transition from the period of preparation to that of execution. Up to that time Signor Mussolini may be said to have retained in his own hands the control of his own policy. Whether that has been the case since, and whether certain forces once unleashed may be held in check at will, is indeed a very different question.

This may seem quite remote from article 13 of the Treaty of London but it is only so in appearance. The significance of the treaty in the making of the 1935 Franco-Italian agreements, and the trend of events which followed these agreements in rapid succession, have been indicated. Whether Signor Mussolini has retained control, or whether he has become the prisoner of circumstances in the creation of which he

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had a large share, he is in any case a versatile man who will seek to turn to the best advantage whatever situation he finds confronting him. Recent events have shaken Europe to its foundations and opened the door to far-reaching rearrangements in comparison with which minor frontier changes to redress some national grievances are negligible byplay. German pressure in Europe and the possibilities of empire building on a scale undreamed of prior to a year ago would urge Italy to play for high stakes in the Mediterranean. As to the ultimate wisdom of such a course there is no need to enter into a discussion here. Such a policy would entail a conflict with Great Britain and with France, and it would be natural in that event to attempt to deal with the two adversaries one at a time beginning with the one which seems to be more vulnerable at the moment.

As the result of events since 1935 the Franco-Italian agreements were never ratified in Italy and, in November 1938, a cry for Tunisia, Corsica and Nice was raised in the Italian Chamber, while at the same time there was unleashed a violent press campaign against France, somewhat reminiscent in its flavor of the German press campaign against Czechoslovakia during the summer and autumn.[21] In addition to the general charge of hostility on the part of France, there was the more specific one that the 1935 agreements had never come into force, that the promises of the Treaty of London, therefore, still remained unfulfilled, to say nothing of the claim that the foundation of the Italian Empire created new conditions and new demands. These arguments were expounded in a note which Count Ciano sent to M. François-Poncet, the French ambassador in Rome, on December 17, 1938. The Italian government, however, would not state its demands publicly pending a satisfactory (to it) conclusion of the Spanish war. That event having come to pass, in his speech of March 26, Signor Mussolini made the statement that " in the Italian note

[21] The " spontaneous " manifestation in Parliament seems to have been timed to coincide with the 24-hour general strike announced in France in protest against the decree laws of November, a strike from which greater results seem to have been expected in Italy than turned out to be the case.

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of December 17, 1938, the Italian problems with France were clearly set forth, problems of a colonial character. These problems have a name. They are called Tunisia, Jibuti, and the Suez Canal." [22] The position of the French government has been that it would refuse to negotiate under pressure and that it was for Italy to state its demands, which, it claimed, had never been specified. To establish its contention it proceeded to make public the Italian note of December 17—which in fact appears to contain no reference to any of the above mentioned questions—together with its own reply of December 25.[23] No denial of the accuracy of the publications has come out of Italy.

There the matter stands at the moment. By contrast with the claims put forward in the Italian press, the demands presented by Signor Mussolini in his speech of March 26 were generally taken to show moderation. To be sure, the mere mention of the three names, Tunisia, Jibuti and Suez, leaves a wide margin for interpretation, ranging all the way from outright annexations to minor concessions similar to those of the 1935 agreements, and there is also little doubt that negotiations have been going on all the while.[24] Undoubtedly, if these agreements are not to be put into effect, the whole question remains open, in particular the matter of compensations to Italy in fulfillment of article 13 of the Treaty of London.

However, it must be recognized that this particular point has now become a minor item in a much wider controversy. For one thing, the conviction has been growing in France that to make concessions under the present circumstances would be utterly futile, for instead of serving to compose a dispute it would merely be taken as a sign of weakness and an invitation to further demands. This is one of the results of the new "open" diplomacy of bluster and public vituperation. For another, it is realized that the legal question of the application of the Treaty of London is by now little more than a con-

[22] *New York Times*, March 27, 1939.

[23] *New York Times*, March 30, 1939.

[24] The rumor has been current recently in Italy that M. Laval would be sent to negotiate a fresh agreement.

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venient talking point in that it adduces the argument of legality to that of mere force. Europe has reverted, for the time being at least, to the game of power politics in its cruder and more brazen forms, and legality counts for little. On the other hand, no matter what one may think of the peculiar methods used and of the specific aims pursued at the moment, there is no denying that what is going on at present—in Italy as well as in Germany—is nothing but the continuance of a movement of growth and expansion the germs of which lay in the very unification of these countries. In the history of that movement the Treaty of London is but an episode to which the peculiar circumstances of the World War, the peace settlements, and subsequent events have given unusually lasting importance.

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THE EMERGENCE OF UNEMPLOYMENT COMPENSATION II

II. *The Provisions of the Unemployment Compensation Acts*

FIFTY-ONE American unemployment compensation systems, counting the territories, were established by July 1, 1937. The laws governing the systems at this date were generally alike, despite certain differences in individual provisions. On the one hand, their similarity appears attributable to a rather provincial discussion that, under the influence of American attitudes, heavily discounted the objectives of European unemployment insurance. On the other hand, their differences reflect the disagreement in earlier proposals over the desired objectives of American unemployment compensation and over the precise manner of achieving them. In order to sketch the emergence of the unemployment compensation provisions, it is necessary to set forth these proposals as they stood at various stages. While this would require a lengthy study for the statutes taken as a whole, by limiting ourselves to the principal types of provisions, the significance of the legislation may be brought out, even if full detail is sacrificed. Three main provisions, accordingly, are treated here: those relating (1) to the kind of compensation or insurance fund from which payments to unemployed insured persons are made; (2) to the contributory sources, or the mode of financing the systems together with "merit rating"; and (3) to the computation of rate and duration of unemployment benefit payments. In this article, the first two types will be traced, while the benefits provisions—which have already undergone an appreciable development—will remain for the third and concluding article of the series, which will also touch upon the significance of the course taken by unemployment compensation in the legislative year of 1939.

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The American unemployment compensation systems have been distinguished by the fund or funds from which benefit payments are made to the unemployed. For example, the uniqueness of the "Wisconsin system" both in the United States and elsewhere arises from its "individual employer reserve funds". But this device was an outcome of ten years of maneuvered effort.

Workmen's compensation served as the model for the funds of the most important of the early proposals, the Wisconsin Huber bills. Under the original Huber bill of 1921, employers were required to insure their liability for unemployment compensation either with an insurance carrier of their own selection or through mutual insurance companies, each comprised of at least 200 employers and 5,000 separate risks, or employees.[55] By an amended version of the same year, a single employer's mutual insurance company was denoted as the insurance carrier. The premiums collected by this company were to constitute the "reserve fund" from which benefits were to be paid.[56] Though the premiums were thus "pooled" in a definite sense, the fund differed from the British pooled fund in that an employer who satisfied the state industrial commissioner of his "financial ability" to compensate laid-off employees[57] could be exempted from insuring with the mutual company and contributing premiums; moreover, the British fund consisted of state and worker as well as employer contributions.

As brought out in the preceding article, organized Wisconsin employers were vehemently opposed to the Huber bills. Even

[55] National Industrial Conference Board, *Unemployment Insurance in Theory and Practice* (New York, 1922), p. 107.

[56] According to a contemporary study, "this alteration of the method of insuring the liability was prompted partly by the desire to remove the profit incentive involved in commercial carrying of such insurance, partly to provide a larger and more flexible reserve fund, and partly to give employers a further incentive to reduce unemployment by controlling the cost of insurance themselves." *Ibid.*, p. 108.

[57] The bill provided that a worker's compensation "shall be paid by his last employer." *Hearings before the Committee on Education and Labor* (1929), p. 267.

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though its proponents drew a sharp distinction between unemployment prevention and European unemployment insurance, the employers evinced great concern over the compulsion to insure and over the further extension of governmental control.[58] The subsequent Wisconsin bills, therefore, displayed important changes. Under the 1925 bill, employers could be exempted from insuring with the mutual company if they (1) showed financial ability to pay compensation, (2) insured with a private company "authorized to transact unemployment insurance", or (3) operated a private plan affording their employees protection equal to that of the bill. In addition, independent employer mutual companies could be established by any five employers covering 1,500 separate risks.[59] At the same time, the measure narrowed the element of pooled premiums by the provision that "the employer's mutual employment insurance company and companies insuring the liability of employers exempted . . . shall establish separate funds by groups of industries, as may be directed by the compensation insurance board, so that each of such groups of industries shall bear approximately the cost of its own unemployment."[60]

The melange of methods of insuring the liability for unemployment compensation makes it difficult to characterize the system contemplated in the Huber bills. Neglecting the appeasement factor evident in the various types of insurance

[58] See *ibid.*, pp. 437-439.

[59] The rationale of these alternatives appears in the following statement: "The Huber Bill, following the precedent set by the Wisconsin Workmen's Compensation Act, which permits employers of sufficient financial responsibility to be 'self-insured,' would permit large employers to set up their own unemployment reserves and handle the whole matter of unemployment insurance within their own business, merely specifying the amounts for which each employer would be liable and the conditions of payment. Such concerns would reap the entire benefits of whatever reduction in unemployment benefit costs they could achieve by steadying employment. Smaller concerns which could not carry their own risks, and which *do not want to try*, would be organized in mutual insurance companies, which would be directly interested in the reduction of the risks of their members." *Can Business Prevent Unemployment* by Sam A. Lewisohn, Ernest G. Draper, John R. Commons, Don D. Lescohier (New York, 1925), pp. 190-191.

[60] *Hearings before the Committee on Education and Labor* (1929), p. 275.

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made possible, the predominant funds would have been reserves segregated by industry. However, the characterization of "insurance by industry" is much more readily applied to the successor of the bills, the "American Plan" of 1930, a model bill drafted by the American Association for Labor Legislation. This bill excluded insurance with private carriers, created explicitly an "Unemployment Reserve Fund", and provided for the organization of "industry funds", each under the direction of an Employment Stabilization Board.[61] Not unsolicitous of employers' feelings toward governmentally-inspired unemployment prevention, the plan also granted exemption from contribution to the central funds to employers who showed financial ability to pay compensation or operated a private plan capable of doing so.[62]

[61] *American Labor Legislation Review*, June 1930, pp. 354-355.

An *industry fund* consists of contributions arising only from a given industry and offers benefits only to the workers attached to that industry. The industry fund idea had been discussed in Great Britain during the early twenties when suddenly rising unemployment and proportionately heavier benefit payments to the more affected industries made the uniform contribution rate paid by all employers appear discriminatory at first sight. Under the Unemployment Insurance Act of 1920, British industries could withdraw from the general scheme into special schemes confined to their own workers and employers. The banking and insurance industries took advantage of this opportunity in 1921 and 1924, respectively. Their special schemes have always represented a very small part of the insured population. Under the general scheme, all contributions are collected in a national *pooled fund* from which benefits are paid to individual workers without reference either to their previous employers or to the industries to which they are attached. Since 1936, when unemployment insurance was extended to include agricultural workers, there has also been a separate "Agricultural Account", with the characteristics of the industry fund. In June 1938, the United States turned to the industry fund in the federal Railroad Unemployment Insurance Act (Public No. 722, 75th Congress), which provides for a national system in and for the railroad industry. (This act will be discussed in the next article.)

[62] In the words of an author of the bill, "employers . . . who furnish satisfactory proof of their ability to pay benefits equal to those which the reserve fund for their industry pays are permitted to make payments directly to their employees and are relieved from the duty of contributing to the fund. Industry is thus encouraged to administer the plan with a minimum of governmental action." Andrews, John B., "Unemployment Reserve Funds: An American Plan to Stabilize Jobs and Purchasing Power", *The Annals*, March 1931, p. 121.

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Neither the Huber bills nor the "American Plan" proved attractive enough to win over the necessary number of employers and legislators. In the fall of 1931, the Wisconsin unemployment prevention movement produced the individual employer reserve device, destined to be more effective. The individual employer reserve was to be a discrete fund consisting of the contributions of one employer and offering compensation only to his own employees. The idea was not entirely new.[63] In its present connection, it signified the elimination of the remaining pooling or risk-spreading elements and the further individualization of the rôle of the employer in unemployment compensation. Perhaps it was also regarded as more palatable to employers for this reason,[64] especially since individual "establishment" funds were found in the private unemployment benefit plans that were currently generating considerable optimistic interest. At any rate, the unemployment prevention objective was not foiled by the further differentiation of contributions from industry to employer funds. Unemployment was now viewed as subject to control by the employer, actuated gently by the state, and the size of his fund was to be the index of his success in taking the necessary managerial steps.

Incorporated in the Wisconsin act of January 1932, the individual employer reserve was the main but not the only possible source of benefits. Though the act specifically prohibited insuring benefit liability with a private insurance com-

[63] Professor Commons traced the idea back to the Wisconsin workmen's compensation act of 1911 which permitted financially-solvent employers to set up their own insurance funds. *Hearings before the Committee on Education and Labor* (1929), p. 216. Similar segregation of the funds by individual employers, or "houses", characterized the unemployment benefit plan operating in the Chicago clothing market in 1923, of which Professor Commons was the administrator until 1925.

[64] "The American plan appeals to the individualism of American capitalists, who do not want to be burdened with the inefficiencies or misfortunes of other capitalists, and it fits the public policy of a capitalistic nation which uses the profit motive to prevent unemployment." Commons, John R., *Unemployment Insurance* (Chicago, 1932), pp. 2-3. See also Morton, Walter A., "The Aims of Unemployment Insurance with Special Reference to the Wisconsin Act", *American Economic Review*, September 1933, p. 397.

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pany, it permitted exemption of employers who submitted satisfactory private or "guaranteed employment" plans. The private plans were to afford benefits equivalent to those provided generally in the act. The "guaranteed employment" plans, which had figured in the movement for voluntary unemployment insurance, were to guarantee forty-two weeks of work or wages for at least thirty-six hours per week. Viewed in conjunction, these benefit sources simply seemed reserves [65] rather than insurance against unemployment. It was perhaps in recognition of this fact, that the Wisconsin law was officially entitled the "Unemployment Reserves and Compensation Act".

The embodiment of the individual employer reserve provision in a bona fide, even if then inoperative, statute served as a strong incentive toward emulation. In 1933, the individual employer fund was made the basis of the "Revised American Plan", although its sponsors revealed some uneasiness by also providing for the compulsory pooling of employers' contributions in any industry, locality or industry in a locality whenever "the assurance of the safety of the funds" required a "wider base than the individual account." [66] The new "American Plan", no less than the Wisconsin act, exerted considerable influence on the growing number of state bills proposing unemployment compensation systems. This spread of interest in the individual employer reserve plan bore interesting con-

[65] The late Dr. I. M. Rubinow, in this connection, asked "reserves for what?" He argued that "reserves are an aspect of an insurance mechanism. Reserves are intended to protect an insurance contract. But individual reserves of small employers carrying no liability over the amount in the reserve not only are not insurance; they are not even compensation. Every promise is a promise 'if and when,' and, in the very nature of things, these promises will remain unfulfilled in a great many cases." "State Pool Plans and Merit Rating", *Law and Contemporary Problems*, January 1936, p. 70.

Professor Commons, however, writes that the law copied two of the three forms of "insurance" provided in the Wisconsin accident compensation law, viz., (1) "establishment funds" or "self-insurance", and (2) "mutual insurance" (which arose from the provision in the unemployment compensation act permitting employers to pool their funds voluntarily). The third form, stock company insurance, was not copied in order "to eliminate the profit motive" of such companies. *Institutional Economics* (New York, 1934), p. 862.

[66] *American Labor Legislation Review*, June 1933, p. 89.

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notations. The plan was both plausible and politic. While preserving employer individuality, it seemed least in conflict with employer opinion and management, least costly to employers who were to bear the apparent cost alone, and allegedly placed least strain on the constitutional sections applicable to unemployment compensation. These qualifications, however, were becoming less imperative than in earlier years, and in this regard the individual employer fund shaped up as an anachronism at its inception. The policy of instituting social legislation by an "easing-in" process, which seemed essential in Wisconsin where the early proposals had roused such strong opposition from employers, contrasts vividly with the more sweeping measures that the New Deal was shortly to enforce. Moreover, the philosophic aroma of the measure recalls the immediately preceding decade, when the abolition of poverty as well as unemployment seemed within reach, rather than the pessimism of depression years. But this is not to imply that the authors of the employer reserve plan were alone in expecting an early return to "normality" and in laying plans accordingly.

As the crisis atmosphere persisted and the relief problem of unemployment grew ever more insistent, the Wisconsin philosophy began to meet competition. The publication of a report by the Ohio Commission on Unemployment Insurance late in 1932 divided the proponents of unemployment compensation into two ostensibly polar camps: (1) those favoring the adoption of individual employer reserves (or *unemployment reserves* systems) and (2) those advocating state-wide pooled funds (or *unemployment insurance* systems).[67] The Ohio Commission, opposing widely circulated opinions,[68] conceived of unemployment as an insurable industrial risk, and advocated "a single fund covering the major industries of the state and as many employees as possible." Such a pooled fund was

[67] Several groups had already come out actively for some of the provisions recommended by the Ohio Commission, but their work was less publicized and less important. See Douglas, Paul H., *Social Security in the United States*, pp. 14-16.

[68] See Rubinow, I. M., *loc. cit.*, p. 74.

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preferred to reserves segregated by employer or industry on the grounds that "insurance is soundest and most economical when it covers the widest spread of people subject to the risk." [69] The Commission indicated small faith in employment stabilization through unemployment compensation, pointing out that under its own scheme, by accumulating a large insurance fund in prosperous years, purchasing power could be transferred to the unemployed in depression years, with a resultant gain in business stability.

While the Ohio Commission's plan challenged the Wisconsin school of thought frontally, its methods were not different in all major respects.[70] Officially, the Ohio Workmen's Compensation Act was given as the inspiration of the pooled fund proposal, and the Commission was no less mindful than others about the necessity for standing clear of the European systems that were currently under the shadow of the dole. It was true that the Commission recommended a fund similar to that of the British and German systems, and one supported by employer and worker contributions as in the German system. But it was also concerned with distinguishing carefully between unemployment insurance and unemployment relief, whether the latter took the form of the emergency American state relief measures or the less ostentatious form of the British in-

[69] *Report of the Ohio Commission on Unemployment Insurance* (Columbus, 1932), p. 13.

[70] Mr. Bryce Stewart, who has written the most extensive studies of the background of unemployment compensation, states in his recent work that "the Ohio Commission on Unemployment Insurance followed the precedent of unemployment insurance laws abroad and of the first state bill in this country, the Massachusetts bill of 1916, and emphasized relief rather than prevention of unemployment." *Planning and Administration of Unemployment Compensation in the United States* (New York, 1938), p. 26. The contrast between the Ohio Plan and the British unemployment insurance system is perhaps not less than that between the Ohio and the Wisconsin Plans. The distinction usually drawn between the latter plans fails to account for their significant similarities. But, in so far as actual effect was concerned, the interpretation of the Ohio Plan as a relief scheme, or one "based on 'socialistic' psychology contrasted with the 'trade-union' psychology", as Professor Commons put it (*Institutional Economics*, p. 853), may have served to convert resistant employers to the Wisconsin Plan, as the lesser evil. See Morton, Walter A., *loc. cit.*, p. 411.

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surance system. The Commission saw unemployment insurance—its own version—as "the only available substitute for charity and the dole." The Ohio scheme was, thus, also an "American Plan", owing more to the European systems, but still indigenous. Moreover, as will be brought out below, it took stock of the irrepressible demand for employment stabilization in providing for "merit rating".

A draft bill prepared by the Commission, with provision for a pooled fund supported by employer and worker contributions, became known as the "Ohio Plan" in distinction to the "Wisconsin Plan" for individual employer reserves based upon employer contributions alone. The Ohio Plan was soon made the subject of bills in many states, and in 1933 and 1934 rivaled the Wisconsin Plan in legislative halls to the extent that each may have prevented the enactment of the other. The even balance of these forces led in 1934 to the emergence of a new type of fund designed to mollify both parties. This was a "hybrid" fund which, on the one hand, set up individual employer reserves, and, on the other hand, deposited a fixed proportion of all the contributions—such as ten per cent—in a central pooled fund for use in the event that any individual reserve became depleted. Bills embodying such funds were introduced in a few states [71] in 1934 and 1935, but first proved important when the states began to enact laws under the stimulus of the Social Security Act.

Thus, when the Committee on Economic Security took up its work in 1934, it was faced with the problem of having to choose from among five types of compensation fund—totally pooled, partially pooled, industrial funds, individual employer reserves and the "guaranteed employment account". The Committee decided to leave this question to the states to settle for themselves, but, in order to help them do so, framed "model" bills portraying all but the industry fund.[72] The

[71] See S. Int. 353 (New York, 1934) and S. 234 (New Jersey, 1934). Also, the "tentative unemployment compensation bill" of the Virginia Governor's Advisory Commission on Unemployment Insurance, *Stabilization of Employment and Building Up of Unemployment Reserves* (Richmond, 1934), p. 148.

[72] This was accomplished despite the difficulty occasioned by the fact that

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usefulness of this catalogue of provisions seemed to be impaired when the House of Representatives passed the Social Security bill in the spring of 1935, with the pooled fund as the sole type permissible in the state systems under the terms of the federal tax-offset arrangement.[73] In the conference between the two Houses, the original terms were restored, and under the Social Security Act, the states could qualify their employers for full credit on the federal payroll tax, regardless of which one, or how many, of the types of funds they saw fit to include in their systems.[74]

It is today a matter of record that the great majority of states chose the pooled fund exclusively. This preference, becoming evident in 1936, was conditioned by many factors, political as well as theoretical.[75] In 1935, the choice of the

the final draft of the Social Security Act was by no means near. The Committee's bills were, accordingly, replete with "optional" provisions, or with "alternative" provisions "not now permitted under the federal bill." In the pooled fund bill, an optional provision suggested exemptions for (a) individual employer reserves, with a certain percentage of the employer's payroll going into the pooled fund, and (b) "guaranteed employment accounts." *Hearings before the Senate Committee on Finance*, 74th Congress, 1st session, on S. 1130 (1935), pp. 609-611; in the employer reserve bill, partial pooling of employers' contributions (*ibid.*, p. 617) and complete pooling of workers' contributions were suggested (*ibid.*, p. 619).

[73] This would have compelled rewriting of the Wisconsin act. For the influence of the Wisconsin group at this point, see Douglas, *op. cit.*, pp. 112-113.

[74] As a condition for approval by the Social Security Board for tax-credit purposes, the state laws had to provide that the contributions representing these funds be paid over "immediately upon receipt to the Secretary of the Treasury to the credit of an Unemployment Trust Fund." (Public No. 271, 74th Congress, sec. 903). The Secretary was empowered to invest the funds in a stipulated manner, and was to be requisitioned by the states for the amounts necessary to meet benefit payment claims. The strict control assumed by the federal government over the actual moneys constituting the funds, justified by economic reasons (see Senate Report No. 628, 74th Congress, 1st session, p. 15), contrasted with its indifference to the repercussions of permitting different types of funds.

[75] A strong, if belated, stand by labor should be noted here. In 1934, after having supported an individual employer reserve measure, the New York State Federation of Labor concluded that the Wisconsin Plan would encourage company union plans (New York State Federation of Labor, *Proceedings*, 71st Annual Convention [Albany, 1934], p. 115) and drafted a pooled fund measure which led up to the New York act. In 1935, William Green, testifying on the

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pooled fund by New York and Massachusetts tended to offset the earlier example of Wisconsin. Of the seven states acting that year, only Utah and Oregon provided for individual employer reserves, the latter in addition to a pooled fund.[76] In the first three quarters of 1936, the pooled fund was adopted by all the states enacting laws, except Indiana, which along with Oregon combined pooling with segregated reserves.[77] Following the vote of the United States Supreme Court upholding the New York law in November 1936, only two of the twenty enactments during the remainder of 1936 failed to contain the state-wide pooled fund. These were the laws of Kentucky, which chose a partially-pooled fund along the lines of the one in the Social Security Board draft bill, and of Vermont, which left the question to the employers by giving

Social Security bill, declared: "There is a serious menace to organized labor in the individual company reserve." *Hearings before the Senate Committee on Finance*, on S. 1130 (1935), p. 173.

The various commissions invoked after 1930 to study unemployment insurance reflected the trend toward the pooled fund. Commissions in Wisconsin (1931), Massachusetts and New York (1932), and Delaware (1934) reported in favor of individual employer reserves; while others in Massachusetts and New Hampshire (1934), California, Maryland, Michigan, North Carolina and Oregon (1935), and Rhode Island and Virginia (1936) recommended the pooled fund.

[76] *Cf.* footnotes 42 and 43, first article of this series. The permanent Utah measure of 1936 went over to the pooled fund. By a March 1937 amendment, the Oregon act was clarified and definitely made "partially-pooled", but in March 1939 it became completely pooled.

[77] At this point, the suggestive Social Security Board draft bills of the pooled fund and employer reserve account type became influential. In connection with the latter bill, a supplementary "pooled account" was described, consisting of the earnings on investments of the individual funds and miscellaneous items. It was recommended that any employee contribution under an individual employer fund law be paid into this account to "avoid injustices and possible administrative difficulties." As a further possibility "to secure uniform benefit protection to all employees, partial pooling could be adopted by requiring a continuous contribution of at least one-half of 1 percent of his payroll from each employer and crediting such contribution to the pooled account of the fund." *Draft Bills for State Unemployment Compensation of Pooled Fund and Employer Reserve Account Types*, January 1936, p. 29; September 1936, p. 114; January 1937, p. 110 (footnote 5) and p. 113. The January 1937 draft also contained an "alternative" provision by which the employer's fund was to consist of his contributions in excess of 1 per cent of his annual payroll (p. 114), the pooled account receiving the latter amount (p. 117).

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them the option of contributing either to a state-wide pooled fund or to their own reserves. Nebraska became the first and only state in 1937 to follow the Wisconsin example of individual employer reserves, and amendment of the South Dakota act in the same year placed it in the small group utilizing the hybrid pooled-reserves type of system.[78] Five states—California, Idaho, Indiana, Minnesota and Oregon—also permitted the exemption of employers who preferred to operate under guaranteed employment plans. California, Idaho and Massachusetts provided for exemption of private unemployment benefit plans.

Examining the terminology of the provisions of the laws enacted after January 1936, it is evident that the federal draft bills were highly effective factors. Few acts emerged with the "guaranteed employment account", permitted by the Social Security Act, and it may be significant that this provision was absent in the draft bills of the Social Security Board.[79] Unlike the Committee on Economic Security, the Board did

[78] Kentucky changed in March 1938 to complete segregation of employer contributions, though now the employee contribution is diverted to a "pooled account" for use when any individual reserve fund is exhausted. However, if the pooled account is less than three times the highest amount of benefits paid from that account in the three preceding calendar years, a six-month "emergency" period may be declared during which the employers' contributions to an amount of 1 per cent of their annual payrolls go into the pooled fund. H. 211, L. 1939, sec. 15 (f). In April 1939, Vermont replaced its optional arrangement with an employer reserve system qualified by a "pooled account" which (after 1938) receives 0.54 of 1 per cent of each employer's annual payroll. S. 75, L. 1939, sec. 7 (c). North Carolina, in March 1939, gave up state-wide pooling for individual employer reserve accounts consisting of 75 per cent of employers' contributions (after 1938) and a pooled account with 25 per cent of these contributions. But if the latter appears "insufficient to provide adequate security in the payment of all compensation", the proportion credited to the pooled account may be raised to 60 per cent. H. 801, L. 1939, sec. 7 (c). A June 1939 amendment increased the importance of a supplementary "pooled account" in Nebraska by requiring that whenever it falls below $100,000, it is to receive employers' contributions amounting to one fourth of 1 per cent of wages for an "emergency" period of six months. Legislative Bill No. 44, L. 1939.

[79] The Florida act was amended in June 1939 to authorize the creation of guaranteed employment accounts "in accordance with the provisions of the Social Security Act." H. 920, L. 1939.

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not qualify the pooled draft bill with alternative exemptions for individual employers, although it placed pooling provisions in the employer reserve draft. The Board's draft bills seemed to convey a tenuous intimation that pooling was preferable, and if we may judge by the present provisions for "pooled accounts" in employer reserve laws, it seems now conceded that some pooling is necessary everywhere.

But the small extent to which individual employer funds cropped up in the initial unemployment compensation acts was by no means representative of general defeat of the Wisconsin Plan. The unemployment prevention essence of that plan was present to some degree even in the pooled-fund systems. It was not so much the type of fund as the "merit rating" phase of the contributory provisions that constituted the actual mechanism of American unemployment prevention. These provisions could be framed with this objective in mind whatever the way in which contributions were earmarked, and in this respect, the Ohio Plan was not at variance with the Wisconsin Plan. Yet there is no gainsaying that the former, by spreading the cost of unemployment compensation over a wider group through the pooled fund, increased the protection against unemployment afforded the individual worker and was thus more attentive to his possible need for benefit. These issues will be amplified later.

Except for one short spell when a worker contribution to unemployment compensation impended, the employer was always considered the natural carrier of the entire superficial cost [80] of unemployment compensation in America. The distribution of this cost among other economic classes was

[80] The term "superficial cost" is utilized in view of the question of the precise incidence of a tax on payrolls. The employer who pays such a tax under an unemployment compensation law may shift the tax in whole or in part in the form of higher prices or lower wages, or may be unable to recoup at all. If one accepts the theory of incidence that infers transference of the charge to the working or consuming class, it becomes difficult to speak of the employers as bearing the burden of unemployment compensation. See Hall, James K., "Incidence of Federal Social Security Pay Roll Taxes", *The Quarterly Journal of Economics*, November 1938; Daykin, Walter L., "The Incidence of Unemployment Compensation Costs", *American Federationist*, August 1938.

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eschewed for a variety of reasons, among which may be cited: (1) the analogy of workmen's compensation; (2) the influence of the Wisconsin unemployment prevention movement; (3) the reaction against the alleged defects of the British unemployment insurance system; (4) the philosophic position of organized labor; (5) the strategy of the proponents of unemployment compensation; and (6) the unemployment relief policy of the Democratic national administration.

The reliance of the early unemployment compensation proposals on workmen's compensation exerted a twofold effect on their contributory provisions. First, the source of contributions was restricted to the employer class; secondly, the contemplated employer contribution was made variable for purposes of "merit rating"—the adjustment of tax rates in accordance with the experience of employers in preventing the occurrence of unemployment. But it would be misleading to maintain this distinction. An employer contribution alone, without merit rating, might have implied that the employers were capable of paying, or were responsible for, the damages wrought by unemployment. In fact, there was no question of damages: "The Huber bill, finding its precedent in accident compensation legislation, puts the burden on the employer in order to encourage him, as the manager of industry, to stabilize employment." [81] There was no pretense that the employer tax would be adequate to finance extensive unemployment compensation. It was, theoretically, in the nature of the tax to discourage unemployment and thus to obviate the occasion for such compensation. Other sources of contribution, under this theory, were simply irrelevant to unemployment compensation. A contribution by the worker, for example, was conceived of as a relief element.[82] Until the depression suggested the invalidity of the latter line of conjecture, the discussion of the financing of unemployment compensation was practically unanimously in favor of a system of employer taxation interwoven with merit rating.

[81] *Can Business Prevent Unemployment*, p. 190.

[82] Commons, John R., *Institutional Economics*, p. 872.

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Merit rating, transplanted from workmen's compensation to unemployment compensation, remained popularly appealing at all times and came to undergo an interesting evolution, all its own. In the 1921 Huber bill, it was provided that "the employers' mutual employment insurance company shall have authority . . . to make inspection of unemployment compensation risks and to apply thereto an experience rating system . . . to provide for refunds to employers on the basis of experience in preventing unemployment."[83] In the American Plan of 1930, merit rating was generally provided for in a clause affording "dividends to employers based on their experience in maintaining regular employment," but the employer's standard premium was now given explicitly as one per cent of his payroll.[84] The Wisconsin Act of 1932, also expressing the employer's rate as a definite percentage, achieved a merit rating formula by making this percentage depend on the size of the employer's reserve fund.[85]

The fixing of specific tax rates in the first unemployment compensation law could have had diametric results. According to the design of the law's sponsors, by indicating precisely what the employer stood to gain and lose, it might have facilitated his calculations for maximizing his gains through employment stabilization. Yet, by revealing how small the maximum tax was and therefore how relatively insignificant the reductions, it might have caused him to disregard entirely both the burden of the tax and stabilization. With allusion

[83] *Hearings before the Senate Committee on Education and Labor* (1929), p. 269.

[84] *American Labor Legislation Review*, December 1930, pp. 354-355. The percentage tax had already appeared in an unemployment compensation bill (H. 362, Connecticut, 1927) and was familiar in American private unemployment benefit plans and in workmen's compensation where employers' premium rates were "quoted as the cost of insurance for $100 of payroll." Michelbacher, G. F., and Nial, T. M., *Workmen's Compensation Insurance* (New York, 1925). The payroll in the latter case offered a rough but convenient measure of a plant's exposure to the risk of accident.

[85] After two years' collection of contributions, the rate was to be two per cent when the employer's "reserve per employee" was below $55; one per cent when the latter was $55–$75; and nothing at all when it was larger than $75.

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perhaps to the second possibility, Professor Commons informed a radio audience in 1932 that

> the important thing is that employers should begin to set their minds to work on the prevention of unemployment by all the well-known devices, such as efficient employment exchanges, diversification of product, staggering employment, not hiring more employees than they can expect to retain, and so on. The psychological effect of the Wisconsin law will be more important than the puny contribution figure of two per cent of the payroll, because it operates on the margin for profit. Such, at least, has been the effect of the workmen's accident-compensation laws—which, although the premiums are low, have done more than ever was done before in creating the "safety spirit," which reduces premiums by preventing accidents. We need now an "employment spirit," and to enact legislation like the Groves Bill, which will help to create an employment spirit, like the safety spirit.[86]

The reasons for the popularity of the "merit rated" employer contribution up to this time were probably more general than any confidence that the practices and spirit of workmen's compensation would prove applicable to unemployment compensation. A strong factor was the lapsing of the British unemployment insurance system into a quasi-relief status. After 1920, heavy and protracted unemployment had forced a liberalization of unemployment insurance benefits—a policy which, financed partially by loans from the Exchequer, brought the system into the disrepute of debt. As a result, the system appeared to many as merely a dole-dispensing agency,[87] and its methodology, especially when prominently labeled "made in Great Britain", was no recommendation. Neither the British abandonment of refunds to employers who maintained

[86] Commons, John R., *Unemployment Insurance*, pp. 6-7. The Groves bill became the Wisconsin law. See also *Institutional Economics*, pp. 856-859, for an exposition of the nature of the term "spirit" used in this connection.

[87] See *Unemployment Insurance in Theory and Practice*, pp. 61-62. In 1931, William Green said: "I don't know which is preferable to the American worker—charity in America today or the dole system of Great Britain today." *Report of the Proceedings of the 50th Annual Convention of the American Federation of Labor* (Washington, 1930), p. 319.

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steady employment nor the uninterrupted utilization of tripartite contributions—from employer, worker and government—altered the considerations underlying American unemployment compensation. The state contribution, even more than the worker contribution, appeared to be a "relief" feature, which would invite pressure for greater benefit payments and "loans" to the system whenever unemployment rose. The bills proposing a governmental contribution in the fifteen years preceding our legislation were altogether few and unimportant.[88]

Another effective factor was labor's predilection for the employer contribution. As early as 1923, John L. Lewis had proposed a compulsory unemployment reserves system financed entirely by employer contributions.[89] The Wisconsin State Federation of Labor had endorsed the Huber type bills up to 1931. In 1932, the American Federation of Labor, while indefinite as to the type of insurance fund it would endorse, resolved that whatever form the system took, "the necessary funds should be raised as a charge on industry."[90] During the depression, faced by vast curtailment of employment and wages, labor had little inducement to reëxamine its view that the employer alone should be taxed under unemployment compensation. But this view was not based on profound economics, or trust in merit rating. Having long opposed state social insurance in principle, labor was unlikely in short order to

[88] Such contribution was proposed by the American Association for Labor Legislation in 1916, the Socialist Party in 1921 and 1931, the American Association for Social Security in 1933, the second Massachusetts Special Commission in 1934 and an Oregon commission in 1935. (See footnote 96.) The Oregon Commission coupled the provision with a plan for "extended benefits" designed to place part of the burden of unemployment relief on unemployment insurance. To this end, a bill (H. 419), applying a needs test to workers seeking such benefits—when they could not qualify for ordinary benefits—was introduced in 1935 without effect; it was modeled on the British "transitional payments" scheme and was about as far as the American discussion ever went in the direction of the British ideology. The bill setting up the present District of Columbia system, as originally passed by the House of Representatives, called for a permanent public contribution equal to one third that of the employer, but was greatly weakened in conference.

[89] Forsberg, A. R., *Selected Articles on Unemployment Insurance*, p. 423.

[90] *Report of the Proceedings of the 52nd Annual Convention of the American Federation of Labor* (Washington, 1932), p. 42.

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become reconciled to a theory of distributing the cost of unemployment insurance over society as a whole. For the time being, it could only acquiesce in progressive proposals to exert pressure on industry to cope with unemployment, and, aware of the possible ultimate incidence of payroll taxation, endeavor to prevent an additional direct taxation of the worker.

The deep-rooted and persistent nature of the attitude toward unemployment, engendered in the twenties, was revealed by the way in which it withstood the impact of the depression. It would not have been illogical if the depression, in depicting vividly the distress due to unemployment, had also made out a case for greater unemployment benefits and for sources of contributions other than the employer. The Ohio Commission on Unemployment Insurance of 1932 was not insensitive to this situation and gave impetus to a movement for the addition of a worker contribution to unemployment compensation.[91] But even this plan bore familiar American earmarks. The worker's contribution rate was to be half that of the employer "because industry, and not the individual employee, is mainly responsible for unemployment." The employer's rate was to range from one per cent to three and a half per cent of payrolls, depending on his employment record. Unlike most other bodies considering unemployment insurance, the Commission entertained the idea of a governmental contribution, but decided against it—except, possibly, to cover the cost of administration—on the grounds that the burden already borne by the taxpayer was too large.

Thus, while appreciating the need for emphasis on benefits in unemployment compensation, the Commission was tolerant toward the lingering current preconceptions. It admitted merit rating[92] and hence unemployment prevention. Prece-

[91] "In order that insurance may be maintained on a democratic, self-respecting and self-supporting basis, and in order to get away as far as possible from the present evils of pauperizing charity, the Commission is of the opinion that the employees as well as the employers should pay the cost of unemployment insurance." *Report of the Ohio Commission on Unemployment Insurance,* Part I, pp. 13-14.

[92] In part, as a compromise: "The authority granted to the administration to vary premium rates is based not only on financial considerations but also

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dent for its proposed joint employer and worker contribution existed in several of the American voluntary unemployment benefit plans, operated by unions and employers, as well as in systems abroad. It was certainly not of a mind to frame a system like the British that could in an emergency be adapted to perform the function of unemployment relief.[93] In keeping

for the purpose of meeting the Wisconsin idea half way . . . the popularity of the Wisconsin idea among students of the problem in this country is so great (perhaps for the very reason that they lack practical experience and depend too much on a priori reasoning) that it appeared wise to introduce this factor in the bill." Rubinow, I. M., "The Movement Toward Unemployment Insurance in Ohio", *Social Service Review*, June 1933, p. 201.

But in a later article ("State Pool Plans and Merit Rating", *Law and Contemporary Problems*, January 1936), Dr. Rubinow held that "there is a logical inter-relationship between state pools and merit rating" (p. 65). He was unable to see why rate adjustment and its stabilizing influence were not possible with an undivided fund and suspected "that it is the cost as expressed in the premium rate and not the possible stabilizing influence of premium rate that really matters, and that it is because of the prevailing American system of placing the entire cost upon the employer that this whole question has become the crucial one" (p. 76).

Despite his willingness to countenance merit rating, Dr. Rubinow was concerned over the implications of unemployment prevention. In an earlier article, pointing out how the cry of prevention had been raised in this country to offset every serious move for insuring against the modern industrial risks, he said: "It is well to beware of the prevention argument so much used in every field of insurance. The argument is subtle and seemingly convincing. It is difficult to contradict, because of the sympathy for its own ideals, and it has frequently been successful in capturing even the ardent reformer. That it is used as a red herring across the path of social progress, that it is fundamentally dishonest in creating the appearance of an alternative when no alternative is present, is a conclusion which only years of experience in the struggle for progressive legislation will teach." "Conflict of Public and Private Interests in the Field of Social Insurance", *The Annals*, March 1931.

[93] Such a system was not regarded as "true unemployment insurance" by Professor Edwin E. Witte, although he recognized that "the regularized British dole, with all its evils, worked out better than the haphazard dole (poor relief and charity) system we now have in the United States." *American Labor Legislation Review*, March 1932, p. 52. Nor did the British Conversative Party, for that matter, for in 1934 it moved to restore the pristine status of the insurance system (a) by limiting the scope of the system and the extent of its benefits and (b) by creating the new Unemployment Assistance system designed to provide for the needy able-bodied unemployed who were excluded from the right to insurance benefit. But the insurance system has since begun to pay off the debt of £115,000,000 incurred by the "dole" (i.e., the various forms of "extended" benefit) between July 1921 and March 1932 with almost

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with the contemporary temper, the Ohio Commission appears to have been influenced by the feeling that any proposal embracing a governmental contribution would have been visionary in view of the difficulties experienced in getting even the Wisconsin Plan onto the statute books. But, again, more than mere intellectual diffidence was involved. Although the New Deal was effecting a near revolution in social thought, few were quickly aware of it and there was no spectacular progression of proposals from the far-fetched to the attainable realm.

The direct result of the Ohio Commission's work was a temporary rise in popularity of the worker contribution, along with an undiminished sentiment for the "merit rated" employer contribution. The seven bills passed by a legislative house in the spring of 1933 provided for merit rating, and four —in California, Maryland, Minnesota and Ohio—also had the worker contribution. In these bills as well as in reports of official committees and commissions, a tendency to combine proposals became discernible. The California bill, following a 1932 commission report, added a worker contribution to the Wisconsin Plan, and admixtures were also features of Delaware and Virginia reports in 1934.[94] The Minnesota bill, a new departure, welded employer and worker contributions to industry funds.[95] Other commissions recommended the worker contribution in Massachusetts and New Hampshire in

embarrassing rapidity. By the end of 1938, the funded debt had fallen to £81,530,241 while the reserve, apart from the debt, available for benefit payment amounted to nearly £44,000,000. Great Britain, *Ministry of Labour Report for the Year 1938*, Cmd. 6016 (1938), pp. 63, 113. Thus, when the debt is finally paid off, students may philosophize on whether the "dole" ever existed.

[94] See Assembly bill No. 878; *Report and Recommendations of the California State Unemployment Commission* (San Francisco, 1932); *Report of the Committee to Study the Benefit of Unemployment Insurance in the State of Delaware* (December, 1934); *Stabilization of Employment in Virginia and Building Up of Unemployment Reserves* (Richmond, 1934); also *Report of Special Committee on Unemployment Insurance* (Vermont, 1935).

[95] Individual "company reserves" were also permitted under special conditions. Hansen, Alvin H., and Murray, Merrill G., *A New Plan for Unemployment Reserves* (Minneapolis, 1933), p. 63.

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1934, and California, Maryland, Massachusetts, Michigan, North Carolina, Oregon and Virginia in 1935; in the Michigan and Oregon reports merit rating was excluded.[96]

The coalescence of the movement for a worker contribution in addition to the variable employer contribution was not furthered by the President's Committee on Economic Security in 1934. Apparently preferring not to commit itself on the alternative sources of contribution, the Committee reported that contributions could be required "from employers alone, or from employers and employees, with or without contributions by the State Government."[97] Its model bills, however, presented the worker contribution as an "optional" provision, with the remaining possibility summed up in a note to the effect that "additional contributions to the fund, from any source, would of course make possible additional benefits from the fund."[98] This was tantamount to informing the states: "You may have the worker contribution, if by chance you want it, and incidentally there are other forms of contribution which are not worth detailing here."

In regard to the proposed federal tax, the Committee laid down the principle that the payroll tax on employers was the most desirable, stating that "it is our conviction that, at least at this time general tax revenues should be drawn upon rather for employment assurance than unemployment compensation."[99] The federal employer tax, of course, could not be

[96] The California Assembly Joint Committee on Unemployment Insurance; the Maryland Governor's Committee on Unemployment Insurance and Relief; the Massachusetts Special Commission Appointed to Make an Investigation of Unemployment Insurance, Reserves and Benefits; the Michigan State Emergency Relief Commission; the North Carolina Commission on Unemployment Insurance; the Unemployment Insurance Commission of the State of Oregon; the Virginia Governor's Advisory Legislative Council. See also the report of the Rhode Island Special Unemployment Insurance Fund Commission (1936).

[97] *Report to the President of the Committee on Economic Security* (Washington, 1935), p. 20.

[98] *Hearings before the Senate Committee on Finance* (1935), p. 598.

[99] *Report to the President of the Committee on Economic Security*, p. 15. Professor Hansen, chairman of a subcommittee on unemployment insurance of the Committee, later testified: "Our committee did not endorse employees' contributions so far as the federal legislation is concerned, but I think, in fact I

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variable, since its purpose was only to stimulate the states to levy payroll taxes for unemployment compensation purposes. At this point, the merit rating movement stood in great danger. For, if the employer could credit only the tax actually paid under a state law against the fixed federal rate, there would be no sense in reducing his tax if he attained a superior employment record. Fully aware of this possibility, the Committee recommended that "if a State, to encourage stabilization of employment, permits particular industries or companies to have individual reserve or guaranteed employment accounts . . . or allows lower rates of contributions to employers not having such individual accounts on the basis of their favorable experience, an additional credit beyond the amount contributed in a particular year may be granted in the Federal Act." [100] In the bill that passed the House of Representatives, this recommendation was forestalled by the allowance of credit only for state taxes actually paid. But as the Senate favored the Committee's view, the Social Security Act emerged with credit clauses providing that employers' tax reductions under merit rating would lower their federal tax payment correspondingly.[101]

While the federal government was working out its attitude, both the employer and worker contributions crystallized in the enactments of California, Massachusetts and New Hampshire in the first half of 1935, and in the Alabama measure shortly after the passage of the Social Security Act. All of the 1935 acts, except those of Massachusetts and New York, made the employer contribution variable through merit rating provisions. In the first three quarters of 1936, Idaho, Indiana, Louisiana and Rhode Island also adopted joint employer and worker contributions; only Mississippi and Rhode Island resisted merit rating. Thus, eleven of the first fifteen laws had

know, that a good many members of the committee, were they recommending State legislation, would recommend contribution [*sic*] to the states." *Hearings before the Senate Committee on Finance* (1935), pp. 448-449.

[100] *Report to the President of the Committee on Economic Security*, p. 15.

[101] The federal tax was 1 per cent in 1936, 2 per cent in 1937 and 3 per cent thereafter.

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the variable employer tax and four the fixed employer tax, while seven included the worker tax.[102]

Although the "merit rated" employer contribution continued to spread over the country, the worker contribution movement collapsed immediately after the 1936 fall elections. Of the thirty-four states enacting laws between November 29, 1936 and June 30, 1937, only Kentucky and New Jersey included a worker tax. Idaho and Indiana repealed the tax in March 1937, as did New Hampshire in August 1937 and Massachusetts by an emergency enactment in June 1939. A number of reasons may be assigned for this discontinuity of development, all of which seem to relate to the alteration in the legislative situation. Whereas a degree of deliberation had been possible earlier in the year, almost instantaneous action was now imperative and the legislators' valuation of the active factors may well have been abnormal. An important, transient factor was the campaign issue which the Republican Party made of the federal old-age insurance tax on employees. Although the result of the election was not affected thereby, the prominence given the issue may easily have led rather harassed legislative committees to debar the contingency of its arising locally by deleting the worker tax from their considerations. During the legislative activity of December 1936 labor's position may also have exerted extraordinary force. William Green had already testified: "It is

[102] In January 1936, the draft bills of the Social Security Board succeeded those of the Committee on Economic Security. Like the Committee the Board flagged the employee contribution as "optional" and it also included the aforementioned note regarding other sources of contribution. (See also footnotes 72 and 77.) The Board's merit rating provisions were somewhat different in general appearance and effect. Whereas the Committee had left it to the administrative commission to devise the method of varying employers' rates, the Board, in addition, suggested an "automatic" merit rating provision by which the rate was linked to the percentage of the employer's annual payroll represented by the excess of his contributions over the benefit payments charged to his account. A similar plan, in connection with a pooled fund system, had already been recommended by the New Hampshire Commission on Unemployment Reserves. See *A Proposed Unemployment Insurance Measure for New Hampshire* (Concord, 1934). Perhaps of greater importance was the Board's omission of the Committee's alternative provision for a study and report on merit rating.

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my urgent request that any unemployment insurance measure enacted into law contain a stipulation that State laws must provide that the entire contribution shall come from the employer." [103] Thereafter, the state federations of labor, when they expressed themselves, were generally in opposition to the tax. Finally, the typographical arrangement of the federal draft bills, suggesting that the "optional" worker's contribution could very well be omitted, may have influenced the state legislators, who were as yet unversed in the intricacies of unemployment insurance but were nevertheless confronted with the necessity of making up their minds immediately and in such a manner as to win the Social Security Board's approval of their laws.[104]

At the end of June 1937, the detailed aspects of the contributory provisions of the fifty-one unemployment compensation measures, blanketing the country and half its industrial population, revealed many traces of the federal draft bills. As

[103] *Hearings before the Senate Committee on Finance* (1935), p. 167. See also his article, "Why Labor Opposes Forced Worker Contributions in Job Insurance", *American Labor Legislation Review*, September 1934.

[104] Accounts of the proceedings in and about the legislatures shed some light on the mode of operation of the factors indicated in this paragraph. In Connecticut, when it became known before the November election that the Governor's Commission on Unemployment Compensation would advocate a worker contribution, the president of the state federation of labor and the state labor commissioner (both members of the commission) protested. Bridgeport *Times-Star*, October 29, 1936. Governor Cross thereupon announced over the radio that "it would be unjust and unwise to require a direct contribution from the workers." Hartford *Courant*, November 1, 1936.

Labor had opposed the employee contribution in Indiana without success in 1936. Indianapolis *News*, March 10, 1936. Governor Townsend was quoted on the issue of amending the Indiana law to this effect: "What I am interested in is the elimination of the employee contribution. The rest is up to the Legislature." Indianapolis *Star*, February 2, 1937. Labor approved, while employers disapproved, of the proposal to repeal the contribution (*ibid.*, February 12, 1937), and it was said that the Social Security Board raised a "minimum of objection" against it (*ibid.*, February 26, 1937).

It was stated that a draft of an Illinois bill for joint contributions had met with the opposition of Secretary of Labor Perkins who "insisted that the bill levy a tax on employers alone", while Governor Horner promised that "a tax on employees would be included so that they would be aware the insurance was in effect." Chicago *Tribune*, March 31, 1937.

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suggested in the bills, practically all the measures levied a tax of ninety per cent of the federal tax on employers' payrolls; in a few states, federal and state rates were equal.[105] Forty of the acts made specific provision for merit rating to begin after a minimum number of years of benefit payment experience had elapsed for each employer rated, as required under the Social Security Act. Only eleven acts differed from the draft bills by either ignoring merit rating or requiring a study of the subject.[106] Thirty-one of the merit rating acts accepted the draft bill suggestion of an automatic rate scale;[107] the remaining acts incorporated the "alternative" provision by which the administrative commission was empowered to determine the rates. Under the automatic merit rating clauses, the range of variation differed from state to state. Some adjusted rates only below the maximum amount of 2.7 per cent credit-

[105] See Social Security Board, *A Comparison of State Unemployment Compensation Laws* (October 1, 1937), p. 13.

[106] Maryland and Pennsylvania omitted merit rating entirely. Study was required in Georgia, Hawaii, Maine, Massachusetts, Mississippi, New York, North Carolina, Rhode Island and Virginia.

By 1939 amendments, the merit rating schedules of the Idaho, Montana and Washington acts were replaced by provision for a study of the subject. Under the new individual reserve set-up in North Carolina, employers' contributions may be lowered when their reserves reach a certain level. The New Hampshire administrator is now empowered, under a "general experience rating" clause, to redetermine employers' rates when the "established" rates "will not maintain or unduly increase" the insurance fund. Sec. 6 D, L. 1939. These developments, with federal merit rating proposals, will be discussed in the next article.

[107] Under the first pooled draft bill, for example, the rates were to be 0.9 or 1.8 per cent, according as the employer's "reserve"—his past contributions less the benefit payments charged against him—exceeded 7.5 and 10 per cent of his annual payroll, respectively. However, if the benefits charged exceeded the total past contributions, the rate was to rise to 3.6 per cent; no rate was to be lower than 2.7 per cent unless the assets of the fund exceeded the benefits paid the previous year, or lower than 1.8 per cent if the assets were not twice the previous year's benefits. See *ibid.*, pp. 15-16, for the wide extent to which this type of provision for strengthening the affinity of pooling and merit rating was enacted. The probable ineffectiveness of these provisions in preventing unemployment as well as "the basic inconsistency of merit rating with a pooled fund" is the thesis of the article by Mr. Harry Weiss of the Social Security Board, "Unemployment Prevention through Unemployment Compensation", POLITICAL SCIENCE QUARTERLY, March 1938.

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able against the federal tax; others extended the range above this level, or required a fixed average yield of 2.7 or 3 per cent, regardless of the distribution of individual employer rates, as suggested in the model bill of the Committee on Economic Security. The process by which these rate scales were set up seems generally to have been arbitrary rather than a result of varying state economic situations.

The amount of the worker tax, as had been predictable since 1933, was proportionately less than the employer tax.[108] Among the states which levy the tax today, the rates are one-half the employer's amount, or 1 per cent, whichever is less, in California and Kentucky; 0.5 per cent in Louisiana; 1 per cent in Alabama and New Jersey; and 1.5 per cent in Rhode Island.[109] Slight recognition was also accorded the governmental contribution in the initial contributory provisions. The District of Columbia act alone called for a federal contribution of $100,000 in 1936, $125,000 in 1937 and $175,000 in 1938. No further appropriations have been proposed.

In terms of the factors emphasized so far in this paper, the immediate significance of these initial contributory provisions is that they are products of the unemployment prevention movement. Rebuffed on the type of fund, the Wisconsinites gained their point on the variable employer contribution as the chief, if not the sole, monetary basis for unemployment compensation. But in considering the nature of this victory, we should remember the superior strategic position of the Wisconsin group both in preparation during the long movement and in influence at the end in Washington, the federal government's

[108] In its first pooled draft bill, the Board suggested a tax of 0.5 per cent of wages, noting: "The amount of employees' contribution is solely for each State's own determination. It is suggested that the rate of employees' contribution should not exceed one-half the rate applicable to their employer." January 1936 draft, p. 22. The subsequent drafts (September 1936, p. 27, and January 1937, p. 37) suggested a 1 per cent tax and deleted the last quoted sentence.

[109] Details of the rates in the ten statutes that originally taxed the worker are given in *A Comparison of State Unemployment Compensation Laws* (October 1, 1937), p. 14. See footnote 78 for the relation of the Kentucky worker's contribution to the type of compensation fund.

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unreadiness to rule on the choice of the American "non-relief" proposals and the foundering of the worker contribution at the close of 1936. The Wisconsin Plan, so strenuously advocated, was not to be erased like a classroom blackboard lecture simply because a new hour had begun.

In a broader, more historical sense, however, the form of the initial contributory provisions was decided by the emergent federal unemployment relief policy. The ground had already been laid for an attack on the unemployment relief problem through a federal program of work for the needy able-bodied unemployed. This was construed as the contribution of the federal government out of its general revenues.[110] According to the Secretary of Labor, Frances E. Perkins, the contribution was to be a supplemental one, invoked in the depths of depression. She testified:

> After any periods that became extreme depressions, as they will be when people have been unemployed more than six months, the Federal Government should step into the picture with a work program, paid out of Federal taxes, and the persons unemployed beyond the exhaustion of their cash benefits should be entitled to a works benefit. We believe that you will, by that combination, get the advantage of establishing within the State where there is a small group subject to education and improved management, under some kind of State leadership, the benefit of the attempts to prevent unemployment and the attempts to stabilize, and that you will get a sound insurance fund which is not likely to be bankrupt. You will not have the anticipated contributions from the Government to be raised at a period when they are least easy to raise. You will have the benefit of some employment stabilization, and at the same time you will have the added

[110] "This bill [the Social Security bill] is not the complete program of the administration for dealing with the problem of unemployment. The work resolution now pending in the Senate is the other part of the program. The $4,000,000,000 appropriation for a work program represents the major contribution of the Federal Government toward meeting the hazard of unemployment. I call your attention to the fact that this $4,000,000,000 contribution coming out of general taxes is a larger contribution than any other country in the world has ever made at any time for meeting the problem of unemployment." Testimony of Professor Witte, *Hearings before the Senate Committee on Finance* (1935), p. 214.

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security, at the time of long depressions, of the Federal Government coming in with the works benefit, which will be paid for out of Federal taxes.[111]

From this enunciation of administration policy, it appears that the rôle of unemployment compensation was to be unvarying in prosperity and depression and ever relatively small. It was, therefore, a matter of indifference whether or not the employers' contribution was bolstered by state and worker contributions. The former alone would certainly be sufficient because, almost by definition, the question of sufficiency could not arise: the insurance funds, as we will shortly see, were to be liable for no more benefits than they could pay, and possibly for considerably less. In other words, the small proportion of the total unemployment assistance load to be borne by unemployment compensation made it captious to deny states their right to experiment with prevention, if they were interested. Work relief would take care amply of the needy able-bodied population during their immediate period of unemployment. In the meantime, the establishment of unemployment prevention mechanisms could do no palpable harm.

The ultimate justification of the contributory provisions thus seemed to lie in the concurrently planned federal works system. Without this program, unemployment compensation might have loomed larger in the relief picture and its use for the attainment of desirable, if rather ideal, industrial effects might have been obviated.[112] The determination that the legislation

[111] *Ibid.*, p. 120.

[112] Before the Committee on Economic Security took the helm, American thought had showed signs of verging toward a more comprehensive view of the function of unemployment compensation. In 1934, the Employment Stabilization Research Institute of Minnesota, reversing its earlier position (see footnote 95) and reviewing the possibilities of reduced hours of work, civil works or work relief, public works, unemployment compensation and relief, now held that "a program of unemployment insurance . . . must form an essential part if not the major part of an attack upon the problem of unemployment." *A Program for Unemployment Insurance and Relief in the United States* by Alvin H. Hansen, Merrill G. Murray, Russell A. Stevenson and Bryce M. Stewart (Minneapolis, 1934), p. vi. The program, evolved out of the Belgian, British and German experience, included a system that would enlarge itself in

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should be restricted and experimental was exemplified in the disposition by the Committee on Economic Security of alternative proposals to establish a national unemployment insurance system, or at least to adopt the method of state subsidization instead of the tax-offset in order to induce the enactment of state unemployment compensation laws. Each of these, it appears, was regarded apprehensively as capable of evoking large federal financial participation on slight provocation, sullying unemployment compensation with relief elements, nipping the prevention experiment and generally introducing too high a degree of "progressiveness" for a country so recently set against unemployment compensation proposals.[113] But the works program itself bore the markings of an expedient —a temporary solution for an abnormal state of unemployment that, being bound to subside, was not to be permitted to impede the emergence of an unemployment compensation system, conceived in and framed for more normal days.[114] If this is a

times of severe unemployment through the provision of "emergency benefits" to the insured unemployed who could no longer qualify for the regular benefits. The authors recommended that the federal government bear and apportion 75 per cent of the cost of such benefits among the states, the remaining part to be paid by the states, or by the localities, according to the benefits received by their residents (*ibid.*, Part III).

[113] In the opinion of Professor Douglas, of all the defects of the offset method, "perhaps the most important . . . was the fact that the offset method would confine the financing of unemployment insurance to a levy upon payrolls. For that was the nature of the federal tax. A state could not obtain offsets for its citizens if it wished to finance a portion of the costs from income or excess profits taxes. These could not be offset against a federal tax on payrolls since they would not fall on identical persons or to the same degree on those who would pay both. Those who wanted to have at least a portion of the cost of unemployment insurance met from the so-called social surplus were opposed to the offset feature on this ground and preferred a substitute proposal which would at least permit these other sources of support to be tapped." *Social Security in the United States*, p. 44.

[114] On other assumptions regarding the nature of the residual relief problem, state unemployment compensation and state and federal relief would have had to be integrated more rationally, according to a long-term plan. The analysis of the problem of nation-wide planned unemployment insurance and relief may be found in the writings of Eveline M. Burns. See, for example, *Hearings before the Senate Committee on Finance* (1935), pp. 1006-1014; "The Relation of Unemployment Compensation to the Broader Problem of

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fair interpretation, the set of contributory provisions found in the Social Security Act—for old-age insurance as well as unemployment insurance—betokened a philosophy of the rôle of government in relation to the great social problem of dependency that was still in its chrysalis.*

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Relief", *Law and Contemporary Problems*, January 1936; "Administrative Integration of Unemployment Insurance and Relief in Great Britain" (with the author), *Social Service Review*, September 1938; "The Impact of the Social Security Act on the Relief Problem", *National Municipal Review*, January 1938; "An Appraisal of Services for the Unemployed", *The Annals*, March 1939.

* To be concluded in the December issue of this journal.—ED.

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RACE AND NATIONALISM IN AMERICAN HISTORIOGRAPHY: THE LATE NINETEENTH CENTURY

"SINCE the middle of the nineteenth century," wrote John Fiske, "the revolution which has taken place in the study of history is as great and as thorough as the similar revolution which under Mr. Darwin's guidance has been effected in the study of biology."[1] The gradual infiltration of the Darwinian theory and the Spencerian philosophy into the channels of American thought markedly affected ideas of long standing concerning the origin of mankind and the universe. Similar consequences were apparent in the field of historiography. The first volume of George Bancroft's *History of the United States* appeared in 1834, but by the time of the author's death in 1890 many of the basic conceptions contained in this and the subsequent volumes were outmoded. The theory of the social contract, which Bancroft had accepted as the foundation of American nationality, was slowly being undermined by the search for the origin of the state in remote racial experience. Bancroft's tenets of American nationality were based chiefly upon the experience of Europeans in America, those of the newer school of historians were drawn from phases of racial experience which transcended national boundaries. The birthplace of American constitutional liberties was shifted from the cabin of the Mayflower to the forests of Germany, and the primitive Teuton now shared with the Pilgrim father the honor of being the founder of New England's institutions. Bancroft's account of the American revolutionary conflict emphasized the righteousness of the colonial cause and the heroism of its supporters. But a half-century later, Moses Coit Tyler discovered in the period between 1763 and 1783 elements of "pathos and tragedy" which marked the birth of

[1] John Fiske, *Excursions of an Evolutionist* (15th ed. Boston, New York, 1893), p. 194.

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a needless race feud.[2] Between England and the United States, wrote James K. Hosmer, there existed "the commonwealth of law and custom, of race and kinship, historic mines that can never be exhausted, for they extend not only underneath all imaginary sections of our land, but under the dividing sea of Revolutionary history itself, uniting the New World inseparably to the Old."[3]

These conclusions were the result of the application of the comparative method and the principles of the evolutionary philosophy to the study of social development. The investigator would first classify the institutions of various countries, ancient and modern. Then he would "look for the institutions and ideas which had developed through the sequence of events in the civilization of an age or people." Of special significance to him were the analogies which he discovered between the institutions of peoples widely separated in time. Historical writing was valuable if it explained the source both of institutional similarity and of a people's influence and power.[4]

Why did there exist likenesses in the institutions of ancient Greece and Rome, modern Germany and England? Why was the sceptre of world power wielded first in Athens, then in Rome, and finally in the countries of Western Europe and the United States? The new historical school answered these questions in the light of the theory that the "Aryan" peoples—the Greeks, Romans and Teutons—reproduced in their dispersion throughout the world a political heritage derived from a homeland which they had all commonly inhabited. The possession of this precious institutional heritage caused the Aryans to become a state-making people par excellence, and the star of empire shone successively and with increasing lustre upon the Greek, the Roman and, in the late nineteenth century, the

[2] Moses Coit Tyler, *The Literary History of the American Revolution* (New York, 1897), pp. viii-ix.

[3] J. K. Hosmer, *A Short History of Anglo-Saxon Freedom. The Polity of the English-Speaking Race. Outlined in Its Inception, Development, Diffusion and Present Condition* (New York, 1890), p. 231.

[4] J. W. Burgess, "The Methods of Historical Study and Research in Columbia University", in *Methods of Teaching History*, edited by G. S. Hall (Boston, 1883), p. 220.

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Teutonic peoples. The inheritance of acquired characteristics, it was believed, sufficiently accounted for the perpetuation of the Aryan political character. "It is . . . only when we habitually bear in mind the threads of individual relationship that connect one country with another, that we get a really firm and concrete grasp of history", wrote John Fiske. "Without genealogy the study of history is completely lifeless." [5]

Those who believed in the evolution of social forms carried into the field of the social sciences the methodology and terminology of the natural sciences. Society was viewed as a process of growth, either unfolding from a germinal seed or developing in accordance with the increasing complexity of its institutions. Social progress, embodied in the transition of institutions from the simple to the complex, took place strictly along national or racial lines. "Civilization was an unfolding, developing mainly from its own germ; it was not a superficial acquisition but an inward growth." [6] Scant consideration was given to the process of cultural borrowing from other races or civilizations; "the phenomena of inner growth were organic, regular, explanatory; those of diffusion or borrowing were irregular, accidental, disturbing." [7] From such a belief in the progressive evolution of society came the idea that the United States, the latest product of Western civilization, was not only the heir of its predecessors but superior to them; "that it is only a question of more time, a further progress . . . when a culture more refined than ever yet the world has witnessed . . . will develop upon these shores, upon this western earth's end, the terminus of the grand progressional highway, from the oriental cradle of civilization to the farthest occidental reach of firm land." [8] Time's latest offspring, reasoned the philosophers of the evolutionist school, was, indeed, the noblest.

[5] John Fiske, *Old Virginia and Her Neighbours* (Boston and New York, 1897), vol. II, p. 26.

[6] H. H. Bancroft, *Essays and Miscellany* (San Francisco, 1890), p. 10.

[7] A. A. Goldenweiser, *Early Civilization: An Introduction to Anthropology* (New York, 1922), p. 27.

[8] Bancroft, *op. cit.*, p. 39.

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The reversion to primitivism for an explanation of national greatness was to some extent foreshadowed by the predecessors of this new historical school. Motley had attributed the superiority of the Dutch to their descent from an unconquered Germanic tribe, the "free Frisians", who occupied the European territory later included in the Dutch Republic. These, in contrast to the "priest-ridden Gauls", inherited the democratic instincts of the ancient Germans, and on such a foundation the greatness of the Dutch Republic had been established.[9] Certain early nineteenth-century writers had claimed for New England an inheritance from the Norsemen. It was their belief that the Anglo-Saxons were "a slow, sluggish and a stupid race" and that the Norse or Norman element had made great nations of England and the United States.[10] But a new generation of historians shifted attention to the once maligned Anglo-Saxon, and Henry Cabot Lodge, however much in doubt concerning the Norse heritage, subscribed to the opinion that the Puritans "reproduced in the New World, unconsciously, of course, but in all essential features the village community which the Saxons, Angles and Jutes brought to England more than a thousand years before from the forests of Germany."[11]

In European historiography the emphasis on remote racial history as an explanation of national greatness increased during the eighteenth century as a result of the industry of the archaeologists, the vogue of the Noble Savage, and the interest manifested in the Orient and distant lands. Primitivism was used by Scotch and Irish historians, who sought compensation for their subordination to England by depicting a remote and glorious national origin, and in a negative way by English historians as a means of vilifying the antecedents of their

[9] J. L. Motley, *The Rise of the Dutch Republic* (London, 1913), vol. I, pp. 8-9, 20-21, 33.

[10] O. Falnes, "New England Interest in Scandinavian Culture and the Norsemen", *New England Quarterly*, June 1937, p. 216.

[11] H. C. Lodge, *A Short History of the English Colonies in America* (rev. ed. New York, 1900), p. 414.

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French opponents during the Napoleonic conflict.[12] It enabled the continental historians either to emphasize the antiquity of a nationalist spirit or, as in the case of the Germans and Italians, to demonstrate that despite contemporary bickerings, hindering the formation of a unified state, there always had been a German nation and an Italian nation.[13]

That which distinguished Edward Augustus Freeman from the earlier English primitivists was his use of the comparative method to guide his investigations. The classifications of Cuvier in zoology and of Franz Bopp in comparative philology, the evolutionary geology of Charles Lyell, the embryological generalizations of von Baer were preliminary to Spencer's application of the comparative method to the analysis of society.[14] Freeman attempted to apply it to English historical development and insisted that social and political institutions must be studied scientifically.[15]

Thus, with a key that was to open a new world—"and that not an isolated world, a world shut up within itself, but a world in which times and tongues and nations which before seemed parted poles asunder, now find each one its own place, its own relation to every other, as members of a common primaeval brotherhood"—Freeman proceeded to reveal the mysteries of universal history.[16] He recognized three causes from which institutional similarity might develop: direct and conscious reproduction or imitation, the action of similar forces, and finally, derivation from a common source. It was the third cause with which he was primarily concerned, for he believed in the theory of the common homeland of the Aryan people and their subsequent dispersal throughout the world. In order to substantiate his hypothesis that certain instances of institutional likeness among Aryan peoples were derived from a

[12] H. M. Stephens, "Nationality and History", *American Historical Review*, vol. XXI, pp. 225-236.

[13] T. P. Peardon, *The Transition in English Historical Writing, 1760-1830* (New York, 1933), pp. 104, 107.

[14] Goldenweiser, *op. cit.*, p. 21.

[15] E. A. Freeman, *Comparative Politics* (New York, 1873), p. 3.

[16] *Ibid.*, p. 302.

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single source, he accepted evidence from comparative philology and comparative mythology as proof of the common origin of the Aryan peoples.[17]

Freeman believed that the Teutons, chronologically the last of the Aryan peoples, and, like their predecessors, the Greeks and the Romans, destined to be the rulers and teachers of the world, were the recipients of the finest fruits of the racial heritage. Among the Greeks and Romans, the city state was the characteristic form of political organization, and both peoples faltered in their attempts to form national states and empires. However, the entrance of the mighty Teuton upon the historic scene marked the dawn of a new day for these forms of political organization.[18]

The Teutonic character, Freeman believed, was most highly developed not on the European continent, where the blood of the Germans had suffered a Romanic infusion, but in England where, despite Roman and Norman invaders, the institutions of the early Anglo-Saxon settlers prevailed. Widely as the contemporary British constitution differed from the practices of the followers of Cerdic, who had carried the Teutonic heritage from the mainland to the island forests, there was no break between them. It was the distinctive trait of British nationality that, alone among the greater states of Europe, Great Britain possessed a parliament whose descent could be traced from the Teutonic institutions of earliest times.[19]

Freeman also believed that the ties of race transcended national boundaries. The English people had not one, but three homes: originally on the European mainland, then in England and, finally, in the United States. Those who came to Britain with Hengest in the fifth century and the passengers on the Mayflower were equally carriers of the original Teutonic heritage.[20] The institutions of the early Massachusetts towns were part of the general institutions of the English

[17] *Ibid.*, pp. 17, 18, 32. [18] *Ibid.*, pp. 120, 134.

[19] *Ibid.*, pp. 46-47; *An Introduction to American Institutional History*, Johns Hopkins University Studies in Historical and Political Science (Baltimore, 1882), first series, p. 15. Hereafter cited as Johns Hopkins Studies.

[20] *Comparative Politics*, pp. 65-67.

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people, just as the latter were part of the institutional inheritance of the Teutonic race. The cause of their survival and revival was part of the history of the Aryan people.[21] "To me," wrote Freeman, "the English-speaking commonwealth on the American mainland is simply one part of the great English folk, as the English-speaking kingdom in the European island is another part. My whole line of thought and study leads me to think, more perhaps than most men, of the everlasting ties of blood and speech, and less of the accidental separation wrought by political and geographical causes." [22]

Freeman's cis-Atlantic disciple was Herbert Baxter Adams, who, in 1880, began a new departure in historical instruction at The Johns Hopkins University, by introducing American institutional history as a distinct branch of study. The idea was the outgrowth of Adams' studies under Bluntschli and Erdmannsdoeffer at Heidelberg, thence transplanted to Baltimore, where it was nurtured on the writings of Sir Henry Maine, Hegel, Mauer, Nosse, Waitz and Stubbs.[23] Previously Professor W. F. Allen of the University of Wisconsin had suggested to Sir Henry Maine that his study of village communities should be extended to New England, where there had been reproduced a community not unlike the ancient Germanic *tun*.[24] In a later volume Maine identified the early New England settlements with other primitive communities in the history of the race.[25] In 1887, after consultation with Henry Adams, under whose direction James L. Laughlin, Henry Cabot Lodge and Thomas Young had prepared a series of studies in Anglo-Saxon law, Herbert Baxter Adams determined "to apply the principle of continuity to the town insti-

[21] *An Introduction to American Institutional History*, p. 13.

[22] *Some Impressions of the United States* (London, 1883), pp. 15-16.

[23] H. B. Adams, *The Study of History in American Colleges and Universities* (Washington, 1887), p. 173.

[24] Professor Allen's communication was published in *The Nation*, September 22, 1870, as a note upon Maine's *Ancient Law*. Other articles by Professor Allen appeared January 10, 1878 and November 10, 1881.

[25] *Village-Communities in the East and West* (London, 1871), p. 201. Maine cites Palfrey's *History of New England* as proof of his conclusions, pp. 13-14.

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tutions of New England." This was the theme of his new historical seminary at Johns Hopkins, wherein the study of early European history with special reference to the Germanic peoples was combined with research in the history of the local institutions of the United States.[26]

The scheme that Adams patterned for historical research into American institutional history followed closely his ideas on universal history. As the procedure of the scientist was from the specific to the general, and the process of development from the simple to the complex, so the historian was to study first local, then national and finally international aspects of history. There were to be established a number of local historical societies, publishing papers on local history, the work of which was to be coördinated by a national agency such as the Johns Hopkins Historical and Political Science Association. In preparation for the day when the country "will be studied in its international relations, as an organic part of a larger organism now vaguely called the World State", the society was to serve as a liaison with similar institutions in Europe. Thus the foundation of the enterprise was rendered "historical and economic".[27] In 1881, Freeman visited Baltimore and extended his blessing to the undertaking in the form of an introduction to the Johns Hopkins Studies in Historical and Political Science. A chance phrase of his, "History is past politics; politics present history", was adopted by his admirers as a motto, henceforth emblazoned on the wall of the historical seminary and on the title page of the separate studies.

Efforts to trace the ancestry of American institutions, and to identify them with the general history of the Teutonic race, centered in research into the beginnings of the New England township. There were two distinct theories concerning the origin of New England towns. One group of historians believed that township institutions originated in the German

[26] H. B. Adams, *New Methods of Study in History*, Johns Hopkins Studies, second series, p. 103.

[27] Adams, *Cooperation in University Work*, Johns Hopkins Studies, first series, pp. 49, 52.

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forests, were transported to England and then to America. A second school of thought, although equivocal concerning its Germanic origin, claimed that the New England town was a reproduction of the English parish.

In support of the first thesis it was urged that the New England township was not merely a duplication of the seventeenth-century English form. It was rather a reversion to a more democratic original type, which had been gradually lost during the feudal period and the succeeding era of despotism in Europe and had declined even in England as a result of the Norman invasion. But the effect of the American wilderness was to bring out race traits which caused the exiled English to reproduce the habits of their remote forefathers who had once inhabited the German forests. On New England's soil, scholars discovered, by a deft use of the comparative method, reproductions of ancient Teutonic institutions, such as the commonland, the woodland, the right of pasture and the moot of the Saxon *tun* and hundred.[28]

The notion of the origin of democracy in the wilderness, its eclipse for a period of centuries and subsequent re-birth in the New England forest, was a romantic theme which appealed to the new historical school. Herbert Baxter Adams argued that there dwelt in the mystic Black Forest of Germany the ancient Teutons, a people whom Rome never could conquer. In these wild retreats they met in council, worshipped their tribal gods, discussed in the village-moot the affairs of husbandry and the management of the common fields. In such an environment, Adams believed, the seeds of self-government, of commons and congresses were planted. Here was developed "the single head of the state, the smaller council . . . and the general assembly of the whole people", the original Teutonic basis of the institutions of Germany and Holland, England, New England and the United States.[29]

[28] H. C. Lodge, *A Frontier Town, and Other Essays* (New York, 1906), p. 223.

[29] *The Germanic Origins of New England Towns*, Johns Hopkins Studies, first series, *passim*.

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Evidences of ancient village community traits in New England were apparent in the occupation of the land as a communal domain, the early construction of a common house and other manifestations of the communal system. The township was based on the freehold land and the meeting, "a representative democratic gathering, corresponding to the old folk-moot of the Germanic races." [30] The office of selectman was the survival of the old English reeve, and the tithing man possessed an even more ancient ancestry. The picket fences around homes and house lots were vestiges of the defenses of the primitive *tun*; the common herding and the folding of sheep by means of gates were manifestations of old Aryan customs "handed down through many countries and long periods of time, bringing to the new continent the social order and fellowship of the Teutonic races." [31] Further comparisons between ancient Germany and seventeenth-century New England extended to the inhabitants of both places. The Indian, without citizenship yet not a slave, and the indentured servant, bound in service yet not servile, were but recent analogues of the *laet*. The slave was a counterpart of the ancient *theow*, while the American citizen corresponded to the *ceorl*.[32]

Johns Hopkins was not the only institution at which this theory found acceptance. That American institutions were *Teutonic in origin* was a fundamental principle which Albert Bushnell Hart insisted should be "sharply defined in the minds of the students at Harvard." [33] At Cornell, Andrew D. White and Moses Coit Tyler stressed Teutonic history,[34] and John W. Burgess expounded a similar point of view at Columbia. However, the reign of the Teutonophiles did not go en-

[30] W. B. Weeden, *Economic and Social History of New England, 1620-1789* (Boston and New York, 1890), p. 29.

[31] H. B. Adams, *Saxon Tithing-Men in America*, Johns Hopkins Studies, first series, pp. 18-20; *Special Methods of Historical Study*, pp. 19-20; Weeden, *op. cit.*, p. 67.

[32] Hosmer, *A Short History of Anglo-Saxon Freedom*, pp. 8-9.

[33] A. B. Hart, "Methods of Teaching American History", in G. S. Hall (ed.), *Methods of Teaching History*, p. 3.

[34] A. D. White, "Historical Instruction in the Course of History and Political Science at Cornell University", in Hall (ed.), *op. cit.*, p. 76.

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tirely unchallenged. Professor Edward Channing rejected both the Germanic origins theory and the primordial germ theory as "tending to push the continuity of history further than the evidence would bear." Analogies in history do not constitute identities, nor does similarity of design indicate heredity, he maintained. "The argument that because a New England town and a German village were each surrounded by a defensive wall, the one is descendant from the other, proves too much. A similar line of argument would prove the origin of New England towns to be the Massai enclosure of Central Africa. . . ." [35] Henry Adams was unimpressed by Freeman's "parade of knowledge", while Herbert Levi Osgood and Charles McLean Andrews were severely critical of the theories of Herbert Baxter Adams.[36]

But the upholders of the theory of the Teutonic origins of American institutions were apparently undaunted. A further objective of the new historical school was to trace the relationships between local and state institutions and those set forth in the Constitution of the United States. It was with this aim in mind that Alexander Johnston made a study of the history of Connecticut. Johnston believed that towns came from the forests of Germany to England and from England to Massachusetts Bay, and that the migratory proprietors of Watertown, Newtown and Dorchester were primarily responsible for the evolution of the American federal structure from the township. These towns, unlike their Massachusetts archetypes, were not subordinate to a wider colonial jurisdiction. Having thrown off the controlling yoke of Massachusetts, they established in the wilderness a closer approximation to the primitive *tun*. Subsequently, other townships and the Connecticut state government were patterned on these early models. According to Johnston, in 1787 the state's delegation persuaded the national constitutional convention to adopt the Connecticut system. The idea of a Senate, equally representing the sov-

[35] *Proceedings of the Massachusetts Historical Society*, second series, vol. V, pp. 264-278; vol. VII, pp. 244, 250.

[36] W. C. Ford, *The Letters of Henry Adams* (New York, 1930), p. 236; J. N. Larned (ed.), *The Literature of American History* (Boston, 1902), p. 295.

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ereign states, was inspired by the independent Connecticut towns; and the House of Representatives, elected by popular vote, corresponded to the Connecticut Council. Thus could the life principle of the American union be traced to the union of the three townships on the bank of the Connecticut River. "It is hardly too much to say that the birth of the Constitution was merely the grafting of the Connecticut system on the stock of the confederation, where it has grown into richer luxuriance than Hooker could ever have dreamed of." [37]

It was Edward Channing's belief that the New England township was derived from the secularized English parish with which the early Massachusetts settlers were familiar. John Fiske incorporated this conception into a scheme of universal history. The history of the New England township began with the fall of the Roman Empire and was determined by the victory of the Teutonic principles of personal liberty and local self-government over Roman despotism and centralization. Gradually, the "Teutonic idea" passed into the exclusive possession of the Anglo-Saxon peoples, and in England was destined to survive as a form of ecclesiastical administration in spite of the deadening effect of Norman feudalism. All the New England Puritans needed was to discard the ecclesiastical terminology surrounding institutions with which they were already familiar, and forthwith the township, founded in immemorial tradition, emerged into fresh life.[38]

II

The existence of the village community presupposed certain environmental conditions. Of primary importance was the

[37] Alexander Johnston, *Connecticut: A Study of a Commonwealth-Democracy* (Boston and New York, 1887), pp. 62, 322. Unprejudiced scholars soon demonstrated that the inhabitants of the three townships had been under Massachusetts' commissioners authorized to exercise certain powers of control over them for a year. Nor was there anything in the debates of the convention of 1787 to warrant the conclusion that the framers of the Constitution drew particular inspiration from Connecticut. *Proceedings of the Massachusetts Historical Society*, vol. V, pp. 274-277.

[38] John Fiske, *The Beginnings of New England; or, The Puritan Theocracy in Its Relation to Civil and Religious Liberty* (Boston, 1902), chapter i.

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presence of the Teutonic stock, but apart from this the township institutions were the political products of an agrarian economy of small holdings. In the typical New England community, the head of a family owned the house in which he lived and the ground upon which it was built. Each proprietor attended in person to the cultivation of his own land, assisted by his sons or neighbors working for hire in the time not devoted to the care of their own estates. It was a classless community of self-supporting freemen in which the relationships between landlord and tenant, laborer and capitalist were almost unknown. On the basis of economic egalitarianism there had been erected the most perfect democracy the world had ever known. This was the idealized conception of the early New England commonwealths held by many scholars at the end of the nineteenth century.

However, the rugged mountain fastness and the rapid streams, which provided a suitable cradle for the renaissance of democracy, also furnished an inducement for the introduction of manufactures into New England. Slowly, the factory site replaced the freehold, while the descendants of the original settlers gave way before the incoming Irish and Canadian factory hands. The intrusion of industry into the New England countryside corrupted the idyllic pastoral scene, disfigured the beautiful ravines, and introduced a class of people very different from the landholding descendants of the Puritans. Gradually, the religious and economic homogeneity of the community was undermined; the theory of "help" gave way to that of service paid for wages; the ideal of community interest was lost in the conflicting interests of labor and capital.[39] This was the reality which confronted the new historical school.

With this transformation and its effects, the disciples of the new historical school were for the most part unable or unwilling to deal. Many of them were sentimental concerning the New England scene and regretted the passing of the racially

[39] John Fiske, *American Political Ideas Viewed from the Standpoint of Universal History* (Boston and New York, 1911), pp. 19, 20; J. K. Hosmer, *Samuel Adams: The Man of the Town Meeting*, Johns Hopkins Studies, series ii, pp. 55-57.

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homogeneous, classless communities and their replacement by the heterogeneous throngs and sharp class divisions of the city. James K. Hosmer was particularly affected by such nostalgic longings.[40] John Fiske summed up his concern with the problems arising out of the impact of the machine on American society as follows: "When once a factory is established near a village, one no longer feels free to sleep with the doors unbolted." [41]

The new historical school consistently ignored the economic factor in the interpretation of history. Consequently, the effect of industrialization on men and on political institutions was unrelated to their explanation of the political evolution which had brought the village community from the forests of Germany to the shores of New England. They rejected the new social philosophies of the city as in violent contradiction to the historic experience of the Teutonic race. Their eloquent defense of the status quo as "a product, nay, the product of history" [42] exemplifies in historiography Professor Cohen's observation concerning the Anglo-American legal school, namely, "that those who think of new problems only in terms of historical analogies become entangled in their own traces and think that what has been must remain forever." [43] H. B. Adams, of course, made no attempt to justify such practices as farming out the labor of the town's poor to the highest bidder, the Delaware whipping post or the southern chain gangs, but by placing them all upon the solid Saxon ground of servitude to law, he could condemn no generation of men for perpetuating the existence of these and other abuses.[44]

The belief that American institutions were peculiarly racial products made the disciples of the new historical school espe-

[40] *Ibid.*, p. 60.

[41] Fiske, *American Political Ideas*, p. 18.

[42] John W. Burgess, *Political Science and Comparative Constitutional Law* (Boston and London, 1902), vol. I, p. 67.

[43] Morris R. Cohen, *Reason and Nature, an Essay on the Meaning of Scientific Method* (New York, 1932), p. 375.

[44] *Saxon Tithing-Men*, p. 11; William Clarke, "Edward Augustus Freeman", *New England Magazine*, July 1892.

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cially conscious of supposed racial differences between the old immigration from Northern and Western Europe and the newer immigrants from Southern and Eastern Europe. American institutions, they reasoned, were designed by and for Teutonic peoples, and it was doubtful whether others could carry on in the traditional conception of freedom, individual liberty, local self-government and federalism. "Our American Republic", wrote Hosmer, "will endure just as long as the traditions of the men of English descent who founded it are dominant there, and no longer." [45]

John Fiske was for a time president of the Immigration Restriction League which advocated the exclusion of Southern and Eastern European immigrants.[46] He agreed with Henry Cabot Lodge that the Russians, although capable of self-government in their village communities, had never fully developed the federalist principle. Moreover, the inhabitants of Eastern Europe had fallen heirs, not to the civilization of Rome, where the idea of patriotism embodied devotion to one's country, but to that of Byzantium, where patriotism consisted of loyalty to the head of a state. Between the peoples of Russia and those of Western Europe and the United States there was "no common ground, no common starting place, no common promise of thought and action." [47] The political psychology of the Slav was such, wrote John W. Burgess, that "Caesarism must be the general system of the Russian political organization. . . . Foreign genius and power must continue to make for them their political organizations of highest instance as it has done in the past and does now; for (in things political) their incapacity is not one of degree simply, but one of kind." [48]

[45] *Anglo-Saxon Freedom*, p. 247.

[46] E. P. Oberholtzer, *A History of the United States Since the Civil War* (New York, 1937), vol. V, p. 740 footnote 1.

[47] H. C. Lodge, "Some Impressions of Russia", *A Fighting Frigate, and Other Essays and Addresses* (New York, 1907), p. 269; Fiske, *American Political Ideas*, p. 84.

[48] Burgess, *Political Science and Comparative Constitutional Law*, vol. I, p. 33.

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The welcome accorded the various immigrant nationalities by historians varies with their interpretation of the source of American institutional heritage. Hosmer, who vested the guardianship of the ark of freedom in the Anglo-Saxon, opposed the Irish and the Germans along with the less favored nationalities from Southern and Eastern Europe.[49] On the other hand, John W. Burgess believed that the Puritan was not a transplanted Englishman, but a descendant of the forest-dwelling Teuton, whose "Norman-French veneering" had been removed by the wilderness conditions which confronted him in America. Burgess, like Von Holst some years earlier, was an ardent propagandist of the virtues of the German immigrant, who, he believed, was racially akin to the early settlers. But the Irish, Burgess avowed, suffered from a lack of political genius. "Personal attachment in small bodies to a chosen chief is the peculiar political trait of the Celtic nations and the extent of their political organization."[50] Freeman, in a generous mood, hoped for the redemption of the Irishman, for the latter was in the last analysis "an Aryan";[51] but implicit in the teachings of the new historical school was the doctrine that the impulse to Anglo-Saxon freedom "came down in the blood, to struggle for it, to cherish it, to live under it." There was no easy process of adaptation in the case of nationalities which had worn chains.[52]

It cannot be determined whether Jane Addams' severe indictment of American scholarship, especially its failure to deal with the subject of immigration, was made with reference to a specific group. Yet the words of one who at Hull House was meeting and solving the difficult problems of immigrant adjustment seem especially applicable to those scholars who, having raised the cry that American institutions were endangered by the immigrant, preferred to lose themselves in the

[49] *Anglo-Saxon Freedom*, pp. 323-326.

[50] *Germany and The United States: An Address Delivered before the Germanistic Society of America January 24, 1908* (New York, 1909); *Political Science and Comparative Constitutional Law*, vol. I, p. 34.

[51] Freeman, *Some Impressions of the United States*, pp. 141-142.

[52] Hosmer, *Anglo-Saxon Freedom*, pp. 272-273, 308.

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primeval atmosphere of the Black Forest rather than to deal with the contemporary American scene. American scholarship, she said, failed "to furnish us with a method by which to discover men, to spiritualize, to understand, to hold intercourse with aliens and receive what they bring."

It was Miss Addams' belief that the danger to American institutions arose not from the alien influx itself, but as a consequence of the "intellectual dearth and apathy" of American scholarship.

> The constant cry [she wrote] that American institutions are in danger betrays a spiritual waste, not due to our infidelity to national ideals but arising from the fact that we fail to enlarge these ideals in accord with our faithful experience of life; and that our political machinery, devised for quite other conditions, has not been readjusted and adapted to the successive changes resulting from our industrial development. The clamor for the town-meeting, for the colonial and early-century ideals of government . . . is but an excuse for our inaction in moments when the current of life runs low.[53]

While intellectual developments were revealing a race patriotism among Anglo-Saxons that transcended national boundaries, the pressure of an expanding foreign commerce was directing the United States toward an English alliance and a policy of territorial acquisition.[54] As early as 1880, Fiske had looked upon the English-speaking peoples as missionaries in the political regeneration of the world;[55] and by the close of the century talk of the kinship of the Anglo-Saxon nations increased proportionately as the activities of Russia and Germany in China menaced British and American interests.[56] In

[53] "Immigration: A Field Neglected by the Scholar", Convocation address at the University of Chicago, printed in *The Commons*, vol. X, No. 1, January 1905.

[54] B. A. Reuter, *Anglo-American Relations During the Spanish-American War* (New York, 1924), pp. 150-190 and *passim*.

[55] *American Political Ideas*, p. 135.

[56] John R. Dos Passos, *The Anglo-Saxon Century and the Unification of the English-Speaking People* (New York and London, 1903), *passim*.

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this imperialist age, it was not the doubts of Herbert L. Osgood, Henry Adams and Charles M. Andrews concerning the methodology of the new historical school, but the conclusions of the members of that school that were especially appealing. Albert Weinberg believes that John W. Burgess strongly influenced the policies of his former student, Theodore Roosevelt. Albert Shaw ascribed "our growing willingness" to unite with Canada to our recognition of the virtues which Canadians possessed "as members of the Anglo-Saxon race".[57] Captain A. T. Mahan and James K. Hosmer expressed identical hopes that close association with a kindred nation would stir American race consciousness, which had been almost submerged in "the incongruous mass of materials" which the body politic found not to its liking but nevertheless had been unable to reject.[58] Albert J. Beveridge denied that the polyglot character of the American population could alter that "Teutonic base" which rendered the expansion of the American nation inevitable.[59]

The Irishman, in so far as he hindered the development of friendly relations between England and the United States, provoked Freeman's ire. "Very many [people in the United States] approved when I suggested that the best remedy for whatever was amiss would be if every Irishman should kill a negro and be hanged for it."[60] John Hay, indignant over the opposition of certain American minorities to his dream of Anglo-American coöperation, wrote: "That we should be compelled to refuse the assistance of the greatest power in the world *in carrying out our own policy*, because all Irishmen are Democrats and some Germans are fools—is enough to drive a man mad."[61] The seat of a vast colonial empire obviously

[57] A. K. Weinberg, *Manifest Destiny* (Baltimore, 1935), pp. 369, 429.

[58] A. T. Mahan, *The Interest of America in Sea Power, Present and Future* (Boston, 1897), p. 34; Hosmer, *Anglo-Saxon Freedom*, p. 353.

[59] A. J. Beveridge, *Americans of To-day and To-morrow* (Philadelphia, 1908), pp. 9-10.

[60] *Some Impressions of the United States*, pp. 153-154.

[61] G. L. Beer, *The English-Speaking Peoples, Their Future Relations and Joint International Obligations* (New York, 1917), p. 104. John Hay believed that American institutions were derived from Teutonic sources. "The Pioneers of Ohio", *The Magazine of History*, extra no. 10, 1924.

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could not be the background for national conflicts. Teutonic states were justified in deporting ethnically hostile elements in order to shield their vitals from the forces of dissolution, and in order to create the necessary room for a population capable of administering and protecting the empire.[62]

Meanwhile, John W. Burgess, mindful of the advice given him by Theodor Mommsen, set out to "preach this doctrine far and near, wherever and whenever occasion will permit": that the ties binding the United States and England should also include the Teutonic motherland, Germany. Burgess constantly urged the political unity of Teutonic peoples everywhere for the preservation of the racial traits of individual liberty and the system of national states as against the "anarchistic genius" of the Slav and the despotism that held it in check.[63]

Burgess' fear of the Slavic giant did not arise solely from his understanding of the position of the latter in Europe as the menacing foe of the Teutonic race. He maintained that an equally serious domestic menace had resulted from the immigration of non-Teutonic elements to this country; that these people had no genius for individual liberty; that they were inclined to anarchy and crime and were "in everything which goes to make up folk characteristics the exact opposite of genuine Americans." Burgess further pointed out that labor strikes were supported chiefly by the new immigrants; that to protect American society against their lawlessness the police power had to be strengthened and the militia transformed into a national guard; that this increase of police and military functions restricted the area of individual freedom, and established a dangerous precedent of governmental interference that might at some future date affect even the activities of the native stock.[64] Burgess, as a young student at the German universities, after hearing the socialistic program expounded,

[62] Burgess, *Political Science and Comparative Constitutional Law*, vol. I, pp. 42-43.

[63] "Germany, Great Britain and the United States", POLITICAL SCIENCE QUARTERLY, vol. XIX, March 1904.

[64] *Reminiscences of an American Scholar* (New York, 1934), pp. 397-398.

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had "then thanked Providence that my home was in a land where such vicious nonsense could never, as I supposed, gain lodgment." Americans of Teutonic stock were not likely to espouse doctrines that denied the birthright of local self-government and individual freedom, protected against the power of the masses by the federal system and the independent judiciary.[65]

The conception of individual liberty, local self-government, freedom from external control which the new historical school claimed to have discovered in the German forests not only provided a basis for American national character but contributed additional support to a strongly developed philosophy of laissez faire. The primitive Germans, W. T. Harris quoted Tacitus as observing, were "*securi adversus homines, securi adversus deos*"; they possessed that "principle of individual personality" which, this leading educator maintained, "lies deep down at the bottom of our characters." The same characteristics pushed the contemporary Teutons to the foreground as inventors of labor-saving devices and as industrial leaders.[66] The last stage in the evolution of the heroic Teuton was as a captain of industry, bringing the benefits of "political organization" to inferior races and resisting the attempts of non-Aryans to fetter his individuality with the chains of socialism.[67]

Finally, what was the result of the exaltation of the racial basis of nationality? There were three generally recognized stages in a plan of national development: the establishment of the government by a racially homogeneous group, the process of welding the nation, and finally the world rôle of the state as a civilizing influence. It was during this final stage, wherein the world was to be guided to peace and progress by a predestined nationality, that the system broke down. Fiske's vision of the glories of Anglo-Saxon federalism, shining round

[65] "The Ideal of the American Commonwealth", POLITICAL SCIENCE QUARTERLY, vol. X, Sept. 1895, p. 407.

[66] W. T. Harris, "English and German: A Study of the Philosophy of History", in *Andover Review*, vol. VI, 1886, p. 596.

[67] See Merle Curti's treatment of Harris in *The Social Ideas of American Educators* (New York, 1935), p. 342.

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the world, resolved into a partition of the earth between the Englishmen of England and the Englishmen of America. The legend on their banners read "Yours for peace"; but it was inscribed in English, and the bringing of the world to peace was to be accomplished by the English methods of arguing, bullying and fighting.[68] Meanwhile Professor Droysen had spoken convincingly to young Burgess of the peace mission of the German military machine and of the benefits accruing to young Teutonic manhood as a result of military training. The day when the quarrels of the professors would be settled by their students on the battlefield was not far in the future.

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[68] H. G. Cutler, "The American not a New Englishman, but a New Man", *New England Magazine*, September 1893.

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GAETANO MOSCA'S "THE RULING CLASS"

THE prime task of a reviewer is normally to discuss the contents and viewpoint of an author's work. In the present instance, however, it is perhaps not less important, as a preliminary thereto, to insist on what the work is not, particularly in view of the title given to this translation and edition,[1] the nationality of the author, and a quotation on the jacket from Charles A. Beard to the effect that the book is important for an understanding of "the modern trends toward Fascism, Communism and other types of 'strong government'." For there seems a real danger that the unwary may infer that this is an apologia (or at least a foundation, since the first Italian edition appeared in 1895) for fascism and an attack on the democratic way. Nothing could be further from the truth, and, whatever the gains in emphasis in the English title, one feels that the Italian is more justly descriptive. For, while Mosca's central theme is, no doubt, that in any society there will be a ruling class, his essential objective is to analyze the various ways in which men are governed, to demonstrate methods by which ruling classes are created and preserved and by which they exercise their authority, and to give an account of the dangers to such classes, the means of their transformation, and the techniques of judicious coöption by which they attain stability.

The idea, indeed, that Mosca is a defender of doctrines of the absolute state is readily dispelled by a consideration of his very first chapter, which is at once one of the most moderate and, by reason of its very restraint, one of the most mordant attacks on various exaggerated and over-simple approaches to political science that have recently been used, many of them as defenses of absolutism of one sort or another. He denies with real insight the doctrine that the superiority of certain civilizations depends upon climate, and in particular argues that it is absurd to believe in the moral superiority of those who come from the cool climes of northern lands; and he

[1] *The Ruling Class* (*Elementi di Scienza Politica*), by Gaetano Mosca. Translation by Hannah D. Kahn. Edited and revised, with an Introduction, by Arthur Livingston. New York and London, McGraw-Hill Book Company, Inc., 1939. xli, 514 pp. $4.50.

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insists, too, that the ability to preserve and profit from free institutions cannot be ascribed to those living in any particular area. *Mutatis mutandis*, the same considerations apply to topography. In both instances, however, Mosca recognizes fully that geography is a conditioning factor, though not a causative one, and that its significance changes with changing knowledge and technology.

Even more thoroughgoing is his attack on the doctrine of racial determinism and the superiority of certain peoples; and here it is particularly worth while noting that he rejects the idea of the Jews being a special people, discusses their real assimilability, and points out to how large an extent the Jewish problem is a consequence of enforced isolation. Indeed, his analysis of the fallacies of racial interpretation is as thoroughgoing as that of, say, Professor Boas, and far less emotional. Similarly, he attacks the whole organismic doctrine and the idea of social evolution as it has been used both by Spencerians and by the advocates of the organic state. That he is also skeptical of any pure doctrine of economic determinism, though admitting the significance of economic factors as part of the problem, and the fact that he cautions us against any facile application of the findings of anthropological study of primitive peoples to the modern state, do not lessen the effectiveness of his criticisms. His own approach seems to be largely historical, though he carefully insists that the historical method may be perverted by an undue emphasis on biography or by an unwise narrowing of the scope of history.

The dominant characteristic of Mosca's position is his awareness of the complexity of the human being and his sad, but probably just, disillusion. Indeed, his essential argument is that naïve idealists who, Icarus-like, endeavor to reach the sun destroy themselves and, more important, undermine that organization without which men are unable to exist. Man is a finite animal; and, while he may aspire to perfection, he cannot hope to attain it. Certainly the great mass of mankind are unregenerate and tainted with irrationality; they must be governed, and, while governing involves giving satisfaction, it involves no less the creation of effective stereotypes and catchwords which will command attachments to a prevailing, though not static, order. The plea, therefore, is for gradualness, and is at once conservative and liberal. Its basis no doubt is temperamental, but it seems to involve a rational temper whose conclusions are documented and justified by vast learning used with discrimination and with insight.

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Dr. Mosca's chief prejudice is indeed revealing as to his bias, and that in two senses. For he condemns utterly what he calls social democracy, a term which apparently would embrace all change brought about by governmental action in the economic sphere, from the moderate policies of English pre-war liberalism and the techniques of intervention in the business world developed and established by the New Deal, to thoroughgoing state socialism and the practices of dictatorship of the proletariat. He is, that is to say, basically a defender of laissez faire; and, while this is doubtless anachronistic and would in the present age prove ruinous to any governing class that endeavored to practice it even in moderate purity, it is inimical no less to fascist theory and practice.

Secondly, however, Mosca's work is in a definite way a wholehearted plea for a government which governs and adapts itself to the needs of the civilization within which it functions; and, outside the context of the struggle against laissez faire, Mosca shows an extraordinary awareness of the dangers to a ruling class that arise from an inability to create an effective basis for consent and to insure adequate routes by which the abilities that are useful and appreciated in a particular age may enter it in sufficient numbers. His essential fear of social democracy rises, it is worth while to note, from a feeling that the extension of governmental functions means the extension of administration and administrators; and he seems to believe that, once one embarks on this undertaking, one is bound to end up, in one way or another, with government by a bureaucracy that becomes top-heavy, rigid, and lacking in comprehension of the feelings of the governed, to the final destruction both of itself and, in all probability, of the civilization which has produced and suffered from it.

Yet Mosca makes a strong case for republican as against autocratic government, and condemns the excessive extension of so-called democratic techniques on the very ground that these lead to dispersal of authority and responsibility, and so open the way for an arbitrariness that may indeed restore order, but by reason of its narrowness cannot itself be stable. If, therefore, one discounts his particular prejudice and recognizes that it is the inconsistency of one who, while normally scientific, is in that particular area a doctrinaire liberal of the school of classical economics as popularly interpreted, one finds in the whole ethos of his work a powerful argument for the positive social welfare state under republican institutions, and with an ultimate judgment in the electorate, as the essential and desirable alternative to dictatorship. This becomes the more clear when one considers his attacks on

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hereditary aristocracy and his long analysis of the evils of *a priori* individualistic rationalism on the one hand and facile, unilinear theories of social determinism on the other.

The difficulties and seeming inconsistencies of Mosca's analysis are, nevertheless, real. They are, indeed, clarified, though not, in the present reviewer's judgment, solved in the final chapter, which constitutes part of Mosca's revised edition of 1923, from which the present edition is made, and embodies his reflections on the post-war world. That chapter is a renewed plea for representative government, for something closely approaching Madison's republican government. Mosca urges that, while a wide electorate exercising the suffrage is necessary and even desirable under modern conditions, it is especially dangerous to social solidarity in times of stress unless its function is narrowly and precisely confined to the selection and judgment of leadership. Secondly, he insists with renewed vigor that a ruling class disintegrates under the attacks of its own skepticism as to its right to rule and its lack of awareness of calling and duty. It is therefore necessary for it to develop a unity of feeling (though *not* a rigidity of structure and an exclusiveness in membership) and a strong sense of public obligation. Mosca is frankly skeptical as to whether either of these developments will take place. Thirdly, however, he sees a ray of hope: the present ruling class has a wide base, being created by the beneficent coalescence of a bureaucracy and a political leadership created and elected by reason of talents valued in the current order. Thus it becomes clear that Mosca finally approves, rather than deplores, the growth of a class of administrators as such. What he fears is that such a class may become first dominant in the ruling class, and then synonymous with it.

Yet it is just at this point that we encounter the essential question which he does not answer—a question unanswerable indeed in his terms. Bureaucracy, sound in moderation and under restraint, becomes the ruling class of a socialist state, itself created by a false pursuit of equality, and involves a suppression of liberty. Yet the participating bureaucracy of which Mosca approves is, surely, the outcome of a positive state, endeavoring to undo the consequences of an excessive inequality—an inequality he, as a defender of a strong middle class and a lover of the Aristotelian mean, formally condemns. Indeed, without the development of such a state to redress the balance of laissez faire, modern bureaucracies created under representative government would have no *raison d'être*. But, Mosca argues, the policy of gradualness, of progressively diminishing inequality by

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political techniques, is unsound and does not lead to stability or harmony—and this for political reasons. For such a policy does not please, but does give aid and comfort to the endeavors and convictions of the proponents of absolute socialism and of communism, while at the same time weakening the allegiance to the existing régime of considerable parts of the governing classes. Yet this is surely to argue (a) that, political and administrative leadership apart, there is in the ruling class a group of great wealth possessed of predominant economic and political power, and commanding the allegiance of a considerable section of the bourgeoisie, and (b) that class struggle is inevitable. The ruling class, he has urged, must be intelligent, must coöperate and concede. But, under conditions of representative government and industrial civilization, as produced in the nineteenth century, the very essence of that undertaking is the social welfare state. Mosca does not want absolutism, fascist or communist. Now, granted that pure justice and complete rationality do not characterize human affairs, it is none the less true that, unless the economic powers that be can be persuaded that concession is wiser than fascism—a difficult but not unreasonable inference, in view of the sufferings of business enterprise where it has put its confidence in fascistic leadership—and unless communists lose appeal, in so far as they are revolutionary, by the progressive removal of causes of extreme discontent, the adventure of representative government is doomed, since it becomes static, and is hence impotent.

Mosca, condemning socialism, and particularly the orthodox Marxian form, ends by giving away his case through unwitting agreement with his avowed opponents. He weakens scientific support, painstakingly built, for a governmental system suited to current needs, and capable of realizing a type of society which many of us, on ethical and rational grounds, would concede to be the best attainable in the world of the second-best.

A word should perhaps be added as to Professor Livingston's Introduction and as to the translation. The latter, as Professor Livingston stresses in the former, is not literal, while the material has been rearranged. Broadly, the work is readable and has continuity, though on occasion a section ends with a sentence opening new vistas not subsequently surveyed. The elimination of Mosca's discussion of Labriola's ideas is, in the reviewer's judgment, debatable, while one must, in view of recent events and of probable developments in the near future, deplore Mosca's insistence that his treatment of the Roman question be deleted.

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Livingston's introduction is an excellent summary of the genesis and development of Mosca's ideas, with a very useful discussion of his debt to Taine and his parallelism with Pareto. It includes a significant analysis of Mosca's life, stressing both his habitat and his activities—though one fancies its emphasis on biographical explanation might not be completely acceptable to its subject. It clarifies his seminal concepts, and in particular emphasizes his first-rate contribution to an analysis of the rôle of the military in different types of society, pointing out the general and unwise neglect thereof by most republican and democratic writers—a warning made especially timely by the problems and issues of these last months.

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REVIEWS

The Diplomacy of the Balkan Wars, 1912-1913. By ERNST CHRISTIAN HELMREICH. Cambridge, Harvard University Press; London, Oxford University Press, 1938.—xiv, 523 pp. $5.00.

Of the four great diplomatic crises in the decade prior to 1914, two—Morocco, 1905-06, and Bosnia, 1908-09—have been the subject of numerous monographs. The third—Agadir, 1911—still awaits adequate treatment because the French documents are not yet available. The fourth and last—the Balkan wars, 1912-13—is now compendiously studied in a volume which will be warmly welcomed. It so happens that the documentary materials for these years are more complete than for any other period of diplomatic history between 1871 and 1914. In addition to the well-known official Austrian, British, French and German publications, there are also numerous Russian and Serbian documents which, although published privately, are accepted as authentic.[1] Furthermore, Bulgaria has issued two sets of papers, one the report of a parliamentary commission of inquiry, the other an *Orange Book* of diplomatic documents; these are practically unknown to Western students, and Professor Helmreich has rendered a conspicuous service by revealing their contents. He was also able to consult the reports of military attachés and other materials in the Vienna Kriegsarchiv. Finally, he interviewed twenty-nine persons who held important positions in Austria, Germany, Russia, Bulgaria and Serbia in 1912-13, including Count Berchtold, Gottlieb von Jagow, Count Kokovtsov, Dr. Danev and Yovan M. Yovanovich. It is not likely that the opening of Serbian or Italian archives—long promised, but never realized—will add much to the picture which can now be drawn.

From these materials Mr. Helmreich has exhumed the Serbo-Bulgarian treaties of 1904, about which little has been known but which paved the way for the alliance of 1912; the agreement of July 1, 1912, between the Serbian and Bulgarian general staffs, hitherto unknown; and the full story of the Greco-Bulgarian alliance and the agreements with Montenegro. The British government was well informed about the League from the beginning, but did not take

[1] The official publication of Russian documents by the Soviet government, *International Relations in the Epoch of Imperialism*, does not as yet extend to the period of the Balkan wars.

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France and Russia into confidence; Italy likewise knew something, but apparently refrained from telling Germany and Austria, although these learned of the League from other sources. No wonder the Powers tried only half-heartedly to prevent the war against Turkey! During the war the policies of Germany, Italy and Russia vacillated considerably. Austria, on the other hand, was pacific, moderate and consistent. This defense of Count Berchtold, who received few encomiums while in office, and even fewer afterwards, is the most striking feature of the book. Mr. Helmreich denies that Vienna expected the Turks to win and argues that when its calculations of a long war were upset by the Balkan victories, the Ballplatz quickly accepted the *fait accompli* and placed no obstacle in the way of reasonable Serbian ambitions. Berchtold resisted the pressure of Conrad von Hötzendorf, the bellicose chief of staff, nor (it is asserted) did he incite Bulgaria to attack Serbia; his attempt to restrain Serbia was legitimate and successful. Whether Berchtold encouraged Bulgaria to attack Serbia is certainly debatable, for King Ferdinand can be quoted on both sides of the question; but in spite of Mr. Helmreich's statement that the charge "lacks all foundation" (p. 378), the reviewer still inclines to the view that some kind of encouragement was discreetly given. Be that as it may, Mr. Helmreich recognizes that while it is now possible, with the documents in hand, to justify much of Berchtold's policy, the contemporary verdict was generally unfavorable, both inside and outside Austria. The analysis of French policy is fair, although it is too sweeping to summarize Poincaré's attitude by saying that "if Germany supported Austria, France would march" (p. 283). Grey is treated sympathetically and given due credit for suggesting and managing the conference of ambassadors in London. The chapters on Albanian boundaries, the Aegean Islands, and the financial problems arising out of the wars deal adequately with obscure matters usually passed over in a few sentences or ignored. Altogether Mr. Helmreich has written a most useful book.

Nevertheless, it is not without faults. The chapters devoted to mobilization and the outbreak of hostilities record in some detail the moves of Turkey, the Balkan states and the Great Powers. Then, in the two following chapters, Mr. Helmreich explains why Russia and Austria acted as they did, in the latter case going back some years in order to prove the continuity of Austrian policy through Aehrenthal and Berchtold. Later, the rupture of the Balkan League is described, and then the rôle of the Powers in this *dénouement* is

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analyzed. In the reviewer's opinion, it would have been better to reverse the order of treatment in each case, that is, to explain the Austrian and Russian traditions and attitudes and show how they operated in the Balkan capitals. The reader would then have some clue to the reasons why things happened as they did and not find himself faced by a mere catalogue of *démarches*.

A more serious criticism is that somehow Mr. Helmreich lets the Great Powers elude him. He may of course retort that he was writing a study of Balkan rather than of European diplomacy. What happened in the Balkans, however, depended on the European constellation, and surely it would have been worth while to explain rather fully why Great Britain and Germany, bitter rivals for years, suddenly found themselves coöperating with a good deal of cordiality, why Italy, after years of "extra dances", suddenly returned to active support of the Triple Alliance. The grave difference between the German Emperor and his government over the question whether Austria should be supported in excluding Serbia from the Adriatic is dismissed in a footnote (p. 209), although William was apparently brought around to the Austrian view only with considerable difficulty and never believed in it. Likewise the thorny problem of the exact relationship between France and Russia, which has been the theme of endless controversy, is not really tackled. It seems a pity that Mr. Helmreich did not take another dozen or even two dozen pages to place the Balkan problems more clearly in their European perspective.

The transliteration of Slovanic names is difficult, and consistency is perhaps impossible. Yet the following inconsistencies seem avoidable: *Slovenski Jug* and *Uyedinyenye ili Smrt, Jovanović* and *Yovanovitch* (for the same person!) in Serbo-Croatian; *Genadiev* and *Gueshov* in Bulgarian; and *Romanovsky* and *Sawinski* in Russian. Surely the English form is *Baltic Port* and not *Baltischport* (p. 181). There is an excellent bibliography and an adequate index.

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Betrayal in Central Europe. Austria and Czechoslovakia: The Fallen Bastions. By G. E. R. GEDYE. New York and London, Harper & Brothers, Publishers, 1939.—ix, 499 pp. $3.50.

To anyone who seeks to probe behind the public utterances of statesmen and discover the realities of power politics in the year 1938, Mr. Gedye's brilliant and dramatic book is of fundamental importance. It is, in fact, a tract for the times, describing the destruction

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of Austria and Czechoslovakia with such rich detail and passion that a reading of it is an emotional experience. One could only wish that the statesmen of all small nations in the path of German imperialism would adopt it as their manual and profit by the experience of the two "fallen bastions" of Central Europe.

In years to come, the historian of this era will turn to Gedye's book and regard it as a source of unparalleled value. In it he will find an antidote for the official pacifism of Chamberlain's speeches and the prolix disquisitions of Herr Hitler on the rights of self-determination. He will find descriptions of the impact of German aggressions on free peoples done with great reportorial skill and deep sympathy. He will thank Mr. Gedye for breathing life and reality into the context of events of 1938.

The historian of the future, however, will probably lack the fire and enthusiasm with which Mr. Gedye has approached his subject and will question the meaning of the term "betrayal" in the title of his book. Betrayal of what? The author contends that Austria and Czechoslovakia were bastions erected in Central Europe to stop German imperialism, if it ever recovered from the blow of 1919. A bloody war was fought by Anglo-French imperialism to gain these strategic positions, but they were surrendered in 1938 without the firing of a shot. The position was won at huge cost, but was apparently surrendered to the Nazis with great relief. On the surface, this may appear to be a betrayal of the Anglo-French pledges of 1919, but on analysis it is a definite advantage in the *Realpolitik* followed in London and Paris. To judge it as a betrayal is to fall into the same propaganda trap which Gedye's book is designed to avoid.

In this respect, the book is inconsistent, for it analyzes Austria in terms of power politics, but in the case of Czechoslovakia uses a chronology of the maneuvers which preceded the public execution at Munich. Mr. Gedye gives an excellent account of the life and death of Austria, a product of a vindictive peace which was doomed from its very beginning. Austria existed only on sufferance. For years it was kept alive by artificial means to suit the needs of Anglo-French imperialism. As London and Paris began to weaken in their support, Mussolini found vicarious pleasure in signing the Pact of Rome. While independence was a matter of the interests of *Realpolitik,* the Austrians themselves were enacting a Greek tragedy of destruction in which every step in the action was determined by the external forces of control. The dreary successors of Seipel crushed

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national unity to preserve a national independence guaranteed only by the changing policies of London, Paris and Rome, and compromised in advance by reactionary class interests which imperialism had constructed in Vienna.

In the discussion of Czechoslovakia, Mr. Gedye does not use the same technique. He simply describes. Czechoslovakia, being the issue of that unhappy marriage of imperialism and idealism in 1919, admits of analysis in the terms of power politics. But, Mr. Gedye describes the destruction of that militant and successful democracy only in terms of the personalities of the British Tories, hinging his argument of betrayal on the predilections of Chamberlain, Runciman and their French satellites. He is correct in implying that Austria and Czechoslovakia would still be free if England and France so desired it, but in explaining the destruction of these states in terms of the personal likes and dislikes of Western statesmen, the author is guilty of oversimplification.

The future historian must take the facts which Gedye presents and analyze them in relation to the change which the depression has brought in the imperialist requirements of England and France. The implications of Munich are too tremendous to be explained in subjective terms. Munich brought positive benefits to England and France, for imperialist states do not peacefully surrender valuable positions.

Such criticism, however, does not detract from the importance of Gedye's book. He has produced a document which will be well known no matter what course the future may take. If future historians try to justify the German aggressions, all that Gedye says will have to be disproved. And if objectivity is still possible, then *Betrayal in Central Europe* will be a major source for the study of the world order of 1938.

FRANCIS WILLIAMSON

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Germany and England: Background of Conflict, 1848-1894. By RAYMOND JAMES SONTAG. New York and London, D. Appleton-Century Company, 1938.—xiv, 362 pp. $3.50.

In this interesting and provocative study Professor Sontag analyzes the factors which he believes were basic in keeping England and Germany apart in the latter half of the nineteenth century. He assigns much importance to their divergent conceptions of the functions of the state, admitting however that by 1870 the English tended to veer in the direction of the German. After that date the patron-

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izing attitude which the British government had adopted toward Germany gave way to one of suspicion tinged with fear. Queen Victoria, British statesmen and the British public generally distrusted Bismarck and looked upon his overtures for friendship and alliance as cleverly designed traps. Moreover, the two leading British ideas in foreign relations, isolation in normal times and congresses or conferences in time of crisis, were antagonistic to the Bismarckian system of alliances. The task which Professor Sontag has set himself bristles with difficulties, involving as it does the need of sketching the domestic problems and policies of Britain and Germany, the international situation, the interplay of personalities as well as the issues in Anglo-German relations. Sound scholarship saves him from the pitfalls which beset the path of seekers of a synthesis, while his power of deduction enables him to offer illuminating generalizations. He has not succumbed to the temptation, so alluring to academic historians with their wisdom gained by hindsight, of assuming an attitude of condescension toward the statesmen of a by-gone age. Thus, he appreciates that the failure of the second Gladstone ministry in the field of diplomacy may be ascribed as much to general circumstances, over which the British government had no control, as to ineptitude on the part of Gladstone and Granville. While awed by Bismarck, Professor Sontag is not ready to accept success as a valid standard for measuring greatness. Indeed the record of Bismarckian tricks, shifts and dodges presented in this book may leave the reader in doubt concerning the actual stature of a statesman who invented a system in diplomacy which could function only under his own personal direction.

Students of diplomatic history will find this work useful and stimulating, although they may not accept as valid all the judgments of the author. Among those which the reviewer questions is the influence assigned to Disraeli in shaping the domestic and imperial policies of his government, 1874-1880, and to Gladstone in directing the foreign policy of his second administration. The assertion that the "Greater Britain" policy of the nineties (pp. 341-342) "was in part an escape, or as some men thought, an answer to domestic discontent" will be difficult to prove; and Professor Sontag follows the lead of other writers in describing Bismarck as indifferent to public opinion, a theory which destroys the *raison d'être* for his manipulations of the press. Among the many excellent summaries of events, negotiations and theories, that presenting the ideas of Treitschke deserves special mention.

PAUL KNAPLUND

UNIVERSITY OF WISCONSIN

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The Crumbling of Empire: The Disintegration of World Economy. By M. J. BONN. London, George Allen & Unwin, Ltd., 1938.—432 pp. 15s.

In the days of the Weimar Republic, M. J. Bonn was a prominent German publicist of liberal sympathies; more recently he has been associated with the London School of Economics. The present work is a general survey of the whole colonial problem, and it is much besides. The opening chapters discuss the general nature of colonies, describing their different sorts and the various motives for which they have been established. The comparative method is used, with only a few lines devoted to each of a bewildering variety of colonial experiments in all parts of the world from ancient times to the present day. This method is of course better suited to indicating superficial resemblances than to discovering important differences. A considerable section of the book, however, which is perhaps its most interesting part, is devoted to general reflections upon the political, economic, social and ideological development of Western Europe and America since the middle of the eighteenth century.

The author has traveled in the United States and a few years ago he published a book entitled *The American Experiment;* he now draws many of his illustrations from American history, and while specialists would probably quarrel with some of his interpretations, he betrays a wider knowledge of American affairs than is common among European writers. Covering so wide a field in relatively brief space, the book tends to become epigrammatic, and gives the impression that the author's reading has been broad rather than deep: for example, his discussion of missionaries and imperialism in the present century seems to be based wholly upon one ten-page article by an American novelist (Pearl Buck). Nevertheless, his epigrams are frequently interesting and suggestive, and it is a welcome relief to note that in his opinion the directors of *haute politique* and the race for colonies in the nineteenth and twentieth centuries were not actuated entirely or even preponderantly by considerations of economic advantage. The general thesis of the book is that while the nineteenth century witnessed the creation of a true world economy, the twentieth century has been a period of "empire-breaking", because of the rise of nationalistic sentiment everywhere, the spread of machine technique, and the desire of each group for autarchy. The fact that many states—especially Germany—need raw materials which they cannot produce makes them desire colonies. The author

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believes that only the international control of colonial areas can solve this problem. This, however, would not be enough, for at bottom the demand for colonies is idealistic rather than economic. Only when all states feel that they are equals will they coöperate in such control. Many of these suggestions have been made before, and much may be said in their favor, but Bonn indicates no way of persuading modern nationalistic statesmen to accept his program.

J. W. SWAIN

UNIVERSITY OF ILLINOIS

Poland: Key to Europe. By RAYMOND LESLIE BUELL. New York and London, Alfred A. Knopf, 1939.—xi, 364, xv pp. $3.00.

We cannot agree fully with Dr. Buell that "no other volume has yet appeared which endeavours to survey and analyse the problems of modern Poland in a sympathetic but scientific spirit." In fact, a number of excellent studies are cited by the author himself, and we could suggest several additional ones. For instance, Roman Dyboski's *Poland* is an excellent introduction to all the essential domains of that state. But it was published in 1933, and hence is now out of date in many respects. Buell's, therefore, has the advantage of being the latest analysis of the political and social problems confronting Poland today and of her rôle in war-menaced Europe. He believes that the fate of Poland is tied up with the historic rivalry of Germans and Slavs and predicts that the rapidly increasing numbers and awakening national consciousness of the Slavs will make it difficult for the Nazis to dominate Central Europe—a thesis which appears very doubtful to the reviewer in view of the traditional disunity among the Slavs, conditioned not only by the geographical factors but also by the differences in the political ideologies of the Slav states.

After a compact survey of Poland's past, Buell offers an enlightened study of its political system. His discussion of the economic dilemma of the country, emphasizing the problem of a large peasantry with seriously restricted purchasing power and the extent of Germany's powerful grip upon Polish exports and imports, is really excellent. State capitalism of this state is akin to that of the Third Reich and private enterprise is "on the defensive and virtually stagnant." We hear frequently about the Polish colonial demands. But the author suggests that "even if Poland were given colonies overseas,

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it would lack the capital, the merchant marine, and the navy necessary for their development." As Europe's minorities are used as Trojan horses by Germany, Buell's three chapters on Poland's Germans, Ukrainians and Jews are important. "Poland has not wished to share any of its glory with other branches of the Slavic race—witness its systematic efforts to destroy the position of Czechoslovakia. Unless this type of imperialism is curbed, the Ukrainian problem may yet prove to be Poland's undoing"—is the author's warning. Since the Germans are not concentrated to any great degree, they represent less danger than the Ukrainians, while the Jews, constituting one tenth of the population, seem inextricably interwoven with Polish professional and business existence and prosperity. The concluding chapter deals with Poland's foreign policy, which seesaws on the fence between Russia and Germany. "For a people like the Poles, who pride themselves on realism, Poland's independence must seem to rest on a very fragile basis if it depends merely on Hitler's self-restraint." Buell suggests that Warsaw "will be doomed", if it follows Czechoslovakia's sacrifice of the Sudetenland in regard to Berlin's demands. "Its only security depends upon its willingness to fight alone."

Buell's presentation appears to be air-tight. The reviewer, unable to find any mistakes in facts, checked with several Polish authorities whose objections could point out only certain questionable interpretations. All in all, this work is an admirable introduction to the whole story of Eastern Europe, written with great academic skill by a man thoroughly at home in his subject and thoroughly in command of his material. Facts are handled with a sure sense of what is relevant and indispensable to the clear outline of a complex story, and details do not crowd in too closely on the central theme. The book is as readable as it is instructive.

JOSEPH S. ROUCEK

NEW YORK UNIVERSITY

The Anatomy of Revolution. By CRANE BRINTON. New York, W. W. Norton & Company, Inc., 1938.—326 pp. $3.00.

There is something very ambitious about the idea of a comparative study of revolutions. The successful execution of it requires not only an extraordinary maturity, but also a sympathetic understanding of the aims and ideals of the revolutionary parties, particularly if one wishes to tackle the intricate and yet absorbing problem of differences in revolutions. Crane Brinton does not interest

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himself in this problem, perhaps, because it does not exist for him. In the four revolutions he endeavors to anatomize—the English, American, French and Russian Revolutions—he sees only their uniformities, or what appear to be such. In the pre-revolutionary era of each, there were similar preliminary signs of an imminent outbreak. All four revolutions began among those who protested against the payment of certain taxes, and in all of them the party of revolution, agitating for the replacement of the existing government, overthrew the old régime.

But the similarities do not end there. According to Professor Brinton, the revolutions passed through the same stages. The first one, the "honeymoon" stage, was ushered in with the victory of the revolutionists. It was the period known as the rule of the moderates. Their leaders stemmed in a large measure from the middle and upper classes. But, says the author, the moderates suffered from certain weaknesses which were the cause of their overthrow. They permitted the propaganda and conspiracy of enemy organizations and they were hamstrung by moral scruples. But moral scruples did not prevent the moderates from staging the massacre of the Champ de Mars, from persecuting Marat and from vilifying Lenin after his return from exile. Apparently such violent and aggressive acts are not significant enough to damage the author's general design. To hold on to power against the awakened lower classes, the moderates appealed to reaction. But the extremists were too disciplined, too well organized and aggressive for the moderates. The "honeymoon" stage yielded to the transition stage which Professor Brinton prefers to identify as the Reign of Terror.

This second stage of the four revolutions also has its uniformities. In his search for them, without accounting for different historical situations, the author finds that the period is marked by puritanism, savagery, asceticism and regimentation, by the confiscation of the property of the beaten parties, by the replacement of old names with new ones, by an effort to propagate the ideas among other peoples and by the use of a certain "ritual" and symbols. As if this were true only of revolutionary government! One is left with the solid impression that the second stage is really a bloody epoch, forced on the people by a small ruthless minority. Professor Brinton's cynicism has unfortunately forced into the background such cogent factors as the necessity in certain countries for this extraordinary period, its ultimate goal and the mass enthusiasm behind the strong measures of the revolutionary party.

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The Terror, contends the author, is inevitably followed by Thermidor, which, significantly enough, he calls "the convalescence after a fever." Thermidor came in England, in France and in America. It is also present in Soviet Russia, says Professor Brinton. The NEP was the beginning of the Russian Thermidor, and the "violent enforcement of the first Five Year Plan was a relapse into Terror." And following this cycle, the author suggests, without daring to prophesy, the return of the Romanoffs. His evidence for Thermidor in Russia is unconvincing, but he needs it in order to fill out his pattern, in order to establish uniformities among the four revolutions. Hence he summarily dismisses the investigations of the Webbs and leans on the observations of Leon Trotsky and Eugene Lyons. Before attempting to prove the existence of Thermidor in Russia, the author might have asked himself why it is that greater strides toward socialization have been made in the Soviet Union during the so-called Thermidorian period than during the years preceding it.

Professor Brinton is as superficial in evaluating revolutionary theories and revolutionists as he is sweeping in drawing similarities between revolutions. Thus he confuses the economic interpretation of history with the Marxian theory of historical materialism, relegates the *Enragés,* precursors of Babeuf, to the lunatic fringe and reduces Marat, one of the best brains of the Revolution, to a frustrated intellectual. These flaws are indeed regrettable. But what is even more regrettable is the author's schematism which disrgards the different stages of historical development.

SAMUEL BERNSTEIN

NEW YORK CITY

While England Slept: A Survey of World Affairs, 1932-1938. By WINSTON S. CHURCHILL. New York, G. P. Putnam's Sons, 1938.—xii, 404 pp. $4.00.

This book is largely made up of Mr. Churchill's speeches in Parliament over a period of nearly seven years. They constitute a heavy indictment of the present British government, whose muddling, in the field of diplomacy or rearmament, almost staggers belief, and suggest that their author is probably the ablest and most versatile figure in British politics today.

Churchill is a descendant of the great Duke of Marlborough. His mother was an American and his father was that stormy petrel in British politics, Lord Randolph Churchill. Educated at Harrow and at Sandhurst, the English West Point, he fought in Cuba, and

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North and South Africa. He entered Parliament in 1900 as a Conservative, but changed to Liberal during the electoral landslide in 1906. Since that date he has been Colonial Secretary, Home Secretary, First Lord of the Admiralty, Minister of Munitions, Secretary for Air, and finally, Chancellor of the Exchequer in the new Conservative government until 1929. He has not recently been *en rapport* with Premiers Baldwin, MacDonald and Chamberlain, whose programs he has severely criticized.

His wide experience gives a peculiar value to his criticisms of British policy. From 1932 onward he was skeptical of Germany's good faith, especially after Hitler came into power the next year. After November 1933 he steadily championed the policy of collective security through the League. He shows the hollowness of Germany's complaints as to reparations: "The loans which Britain and the United States particularly . . . have poured into the lap of Germany . . . far exceed the sum of reparations which she had paid, indeed, they have been nearly double" (p. 17).

By implication he is most critical of Britain's part in undermining the armament program of France, who, like Britain, was caught somewhat unprepared in the Munich crisis. Four and a half years before this event, Churchill said, "Germany is arming—she is rapidly arming—and no one will stop her." Henceforth he urged a more constructive program of defense, and the appointment of Ministers of Defence and of Supply. Four months later he stated, "by the end of 1935 the German air force will be nearly equal [to ours]," and added that German commercial planes were almost instantly convertible into bombers. After due consideration of Churchill's memoranda by government experts, Mr. Baldwin categorically denied the accuracy of Churchill's statements.

Some months later still, Hitler informed Britain that Germany had already attained air parity with her. Churchill presently insisted, moreover, that by the end of the year Germany "will be at least between three and four times as strong as we," and later complained: "Nothing has surprised me more than—I will not say the indifference, but the coolness with which the Committee has treated the extraordinary revelations of the German air strength."

Month after month Churchill has enacted the rôle of Cassandra. He condemned the Anglo-German naval treaty because it sabotaged the League and destroyed the Stresa front. He favored Britain's principles in the Ethiopian crisis, but criticized her methods, particularly the Hoare-Laval proposals. He felt, moreover, that the

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risks attendant on the Abyssinian affair a "very small matter compared with the dangers" of a rearmed Germany, although he conceded later that through it Britain had not only sacrificed Ethiopia, but severed France from Italy, and lowered her own prestige in the Mediterranean.

Churchill was furious at the government's muddling in rearmament, and with its failure to take a strong stand on Germany's reoccupation of the Rhineland. Seven months later he claimed that the Nazis had a 50 per cent superiority in first line planes, and a much greater advantage in long-distance bombers. If Britain stood helpless in the face of the dictators a year ago, it was not due to any lack of warnings by one possessed of accurate knowledge. As his fears have been more than realized, we might have expected him to be invited into the Cabinet. Until that is done, many will question whether Mr. Chamberlain has given up his policy of appeasement.

The volume is an attractive one but, most unfortunately, it lacks an index.

WILLIAM THOMAS MORGAN

INDIANA UNIVERSITY

Imperial Japan, 1926-1938. By A. MORGAN YOUNG. New York, William Morrow & Co., 1938.—328 pp. $3.00.

The Real Conflict Between China and Japan. By HARLEY FARNSWORTH MACNAIR. Chicago, The University of Chicago Press, 1938.—xvi, 216 pp. $2.00.

The Rape of Palestine. By WILLIAM B. ZIFF. New York and Toronto, Longmans Green & Co., 1938.—xiv, 612 pp. $3.50.

The Arab Awakening. By GEORGE ANTONIUS. Philadelphia, New York, Toronto, J. B. Lippincott Co., 1939.—471 pp. $3.00.

The Turkey of Atatürk. By DONALD EVERETT WEBSTER. Philadelphia, The American Academy of Political and Social Science, 1939.—xv, 337 pp. $2.50.

Revolutions and dictatorships are not confined to post-war Europe. A revolution and a transformation of life on an unprecedented scale have taken place during the last twenty years all over the Orient from China to Turkey. The European problems of industrialization and autarchy, of liberalism and fascism, of mass education and social

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unrest, resound from all parts of the vast Asiatic continent. The Near East is being drawn into the decisive struggle for hegemony and intellectual leadership between the democratic powers and the fascist axis, and in the Far East the fight between Japan and China is nothing but an act in this globe-encircling dramatic conflict. Mr. A. Morgan Young who has been for many years editor of the *Japan Chronicle* has performed a most useful task in presenting to the Occidental reader a clear and concise history of Japan during the twelve eventful years from 1926 to 1938, years in which Japan turned away from the constitutional experiment following liberal patterns, which it had superficially adopted, and developed out of its own militaristic legends and racial dreams a way of life strikingly similar to that of National Socialist Germany or Fascist Italy. At the end of 1926 a new emperor ascended the Japanese throne; the name which he chose for the period was *Showa* or Peace Made Manifest. This "peace" epoch (peace understood in the fascist sense) was to be marked "by a constant prating about Japan's sacred mission of keeping the peace for the Far East, and by a progressive breaking of that peace and a cynical disregard of truth and justice." The twelve years ended with the conquest of China, planned by the Japanese army for very many years, with the passing of a great civilization, "that cared more for the gracious arts of life than for the tarnished glories of conquest", and with Japanese preparation for the conquest of a still vaster empire covering the whole of southern Asia and the Pacific islands. This militarization went hand in hand with a rapid and progressive deterioration of thought. "It was a firm belief of the rulers of Japan that the Empire could only endure if every spark of intellectual honesty were relentlessly stamped out."

Japanese fascism is a phenomenon of the twentieth century, but like German National Socialism it has its roots deep in the past. Mr. MacNair is professor of Far Eastern History at the University of Chicago and has lived for many years in the Far East. He describes in his book which is most instructive—and about which the reader will regret only one fact, but this deeply, that the book is much too short, that the many interesting views it opens are only touched upon and not fully discussed—the intellectual background out of which alone the histories and attitudes of China and Japan become comprehensible. It is a slender volume which well repays careful reading. One will be again and again struck by the similarity of official Japanese statements and items familiar to the reader of contemporary German or Italian newspapers. "It is not idle

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boast to declare herewith that if there is anything that would dare obstruct the way for the propagation of Japan's mission of peace, the Japanese would be ready, in spirit at least, to make away with it." "We have a great thing to guide us, which counsels us not to be easily swayed by outside criticisms of those who do not appreciate the motive power which drives us on, but to be assured that they will come to appreciate us in the long run." "That the majesty of our Imperial House towers high above everything to be found in the world, and that it is as durable as heaven and earth, is too well known to need dwelling on here. . . . The happiness and prosperity of our people under its benign influence may also be regarded as unparalleled in the history of the world. . . . The standard of justice and injustice, of right and wrong, is to be fixed by the imperial will. . . . The Imperial Rescript embodies truth, righteousness, wisdom, and all the virtues. All religions defer and yield pride of place to it. . . . We have but to obey, without doubt or demur." Thus it is not astonishing that the Japanese press drew the following picture of the Japanese occupation of Nanking during which, as is well known, the Japanese soldiers ran amok for several days: "The Japanese army sheathed its bayonets and was welcomed to Nanking by thousands of joy-mad Chinese who threw themselves in gratitude at the feet of the gentle and kind Japanese soldiery who immediately began to bind up the wounded, give food to the hungry and otherwise comfort those who had been the victims of the devilish regime of Chiang Kaishek." It reads exactly like a description in the *Völkischer Beobachter* of the march of the German troops into Prague, or a report in *Il Tevere* concerning the blessings brought by the Italian army to Tirana. Japan is out to lead the world to "peace" and the army is the instrument of that mission. The trouble with the world today seems to be that there are too many pacifists of that kind, in the Far East as well as in Europe.

In the Near East, Palestine holds the attention of mankind on account of its historical associations and on account of the conflict between Arabs and Jews. Very many books have been written on Palestine. This one by Mr. Ziff is interesting in so far as it reveals one shade of opinion among Zionists, namely, an attitude of extreme chauvinistic nationalism, which is not characteristic of the general attitude of Zionists. He attacks with equal violence the British, the Arabs and the moderate Zionists. The book is passionately written, without any effort at objectivity, contains interesting details, but is in many places inaccurate or exaggerated. Arlosoroff, a most mod-

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erate Zionist labor leader, is characterized as "an ardent advocate of class war", which he in fact always repudiated, both theoretically and practically. Later we read "an appalling number of European women had suffered rape at Arab hands". The "appalling" number is not revealed. The reviewer lived then in Palestine; there were in fact at that time some isolated cases, but nothing which could be called, without any qualification, an appalling number. These are only two minor examples from a book that is typical of a certain attitude which any analysis of the Palestinian situation must take into account.

The two books on the Arabs and on Turkey are both scholarly works of great merits. Mr. Antonius' study covers in its first thirteen chapters a very little explored territory, the early history of Arab nationalism. It is an indispensable study for anyone interested in that subject. The author has succeeded, on the basis of his research lasting over many years, in opening up much hitherto unknown material. Thus he has produced a book of great importance on account of both the material it presents and the method of presentation. The last three chapters deal with the post-war history of Arabia; they are too brief to contain any important material not otherwise well known. Their value consists in presenting the Arab point of view in a representative and moderate way, although there may be disagreement with the author about some of his judgments or some of his emphasis. But the whole book will be read with interest, for it is written with great charm and distinction. The author states the Arab point of view with restraint and at the same time with the warmth of feeling of a man who himself has played a not inconspicuous rôle in the recent history of the Arab national movement.

Mr. Webster has written a comprehensive study of the social process in the recent Turkish revolution. His book is based on very careful and painstaking research and upon a relatively long sojourn in Turkey. He discusses the beginning of Kemalism and the main traits of contemporary Kemalism, its ideology, its methods of propaganda and indoctrination, and its etatism in practice. Of utmost importance is his judgment about Atatürk's dictatorship with which the reviewer thoroughly agrees. Present loose terminology is inclined to consider all dictatorships as fundamentally similar. Not all dictatorships are fascist, nor even communist. There may be, and there are, dictatorships as planned and conscious transitions to democracy, dictatorships based upon an acceptance of liberal and progressive principles. Turkey has at present no political prisoners,

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no exiles, no terror of a secret police. "The tradition of democracy is rapidly being established by praise of the system even before it is practiced in full, and on every hand boys and girls, men and women are receiving training in democratic conduct and for democratic voting and thinking and talking. . . . Turkey is on her way in becoming a thoroughgoing democracy. More than the seeds of democracy are to be found in the Turkey of today; the seeds have sprouted and the plant is coming into bud." The book contains many illustrations, tables, maps and useful appendices. On the whole it can be considered as the most up-to-date and thoroughgoing study of present-day Turkey.

HANS KOHN

SMITH COLLEGE

The Birth of the Oil Industry. By PAUL H. GIDDENS. New York, The Macmillan Company, 1938.—xxxix, 216 pp. $3.00.

Thousands of pages have been written on various aspects of the development of the oil industry in the United States but this volume brings together for the first time a complete and detailed account of its halting beginnings along Oil Creek in the upper Allegheny valley in Pennsylvania. The author is careful to point out the early discovery of oil in this region, the strong likelihood of its collection in pits and its use by the natives who antedated the American Indians, and the certainty of its later use by Indians and French and early English settlers. The salt wells, so essential to that early economy, proved persistent harbingers of the hidden supply of petroleum destined to play so important a part in a later economy.

Though first used as a medicine, applied both internally and externally, petroleum in the decade or two before the Civil War offered some promise of satisfying the urgent need for a new illuminant and lubricant, designed to replace such older products as tallow candles and lard oil grease. Coal oil enjoyed its brief day on the stage in the 1850's but already by 1860 had yielded to rock oil or petroleum which gave a whiter and brighter light and could be produced at one-twenty-fifth the cost per gallon.

Yale and Dartmouth figured prominently in these early days of the industry, for a Dartmouth professor first analyzed Oil Creek petroleum, at the suggestion of a Dartmouth physician of nearby Titusville, and his first petroleum company was presently replaced by a New Haven enterprise whose backers included another expert, Professor Benjamin Silliman of Yale.

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It was in 1859 that "Colonel" E. L. Drake, in drilling the first successful oil well, introduced all the essential and standard equipment and ushered in the modern oil industry. Mr. Giddens describes with great detail the wild scramble for land and the rush to drill wells, the striking of the flowing wells with a remarkable increase in production, the development of refineries to deodorize and decolor the crude petroleum, and the cultivation of domestic and foreign markets.

Later chapters discuss changing modes of transportation from wagon and flatboat to tank car and pipe line, describe the boom towns such as Pithole, the cut-throat competition and pioneer oil exchanges of this wild-cat period of the industry. The narrative is confined chiefly to the decade 1859-1869 and stops just before Rockefeller's organization of the Standard Oil Company in 1870 starts the move toward centralization.

Professor Giddens, a member of the faculty of Allegheny College, has made good use of such local collections as that of the Drake Museum in Titusville, and many other manuscripts, newspapers, and government publications. The story of "Coal Oil Johnny" and the description of life and sanitary arrangements in Pithole serve to relieve what at times becomes a somewhat monotonous account. The volume includes several helpful maps and interesting photographs of the contemporary scene. It is unfortunate that Miss Tarbell did not make her introduction briefer and less repetitious of facts already stated by the author.

ALLEN R. FOLEY

DARTMOUTH COLLEGE

American Labor. By HERBERT HARRIS. New Haven, Yale University Press; London, Oxford University Press, 1939. — vi, 459 pp. $3.75.

Since 1933, the American labor movement has won a more significant place in the national scene than it has, perhaps, ever before commanded, and the growth in its strength and militancy has been accompanied by a mounting list of books and periodical articles dealing with labor. To this new labor literature Herbert Harris has contributed a sympathetic and popular account of the American labor movement in broad outline and a more detailed study of a group of selected labor unions. The volume has little value for the specialist in labor history, but the lay reader should find it both informative

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and interesting. Mr. Harris, who writes with skill and vigor, has the journalist's flair for the sharp and striking phrase, and is refreshingly unacademic. While his sympathy with labor is undisguised and he has strong likes and dislikes, his treatment is essentially fair throughout. In general, his errors of judgment can be traced not so much to bias as to incomplete or faulty information.

The best portion of the volume is that devoted to an analysis of the United Mine Workers' Union, the United Brotherhood of Carpenters and Joiners, the Newspaper Guild, the International Ladies' Garment Workers' Union, the railroad unions, the United Automobile Workers, and the textile workers. This section gives an adequate impression of the varied character of the organized labor movement, the special organizational and jurisdictional problems which emerge in certain fields, and a basis for understanding the sources of internal conflict. This material is superior to that of the first two chapters and the long concluding chapter which trace the history of the labor movement from its inception through to the present C. I. O. - A. F. of L. controversy. These portions of the book, somewhat unbalanced in space allotment and emphasis, are less incisive and valid than the studies of particular unions, and fail to give a comprehensive picture of the whole labor movement. Mr. Harris has obviously refashioned the earlier history of American labor from the standard secondary sources, but failed to exploit fully the available monographic literature. Furthermore, a fuller knowledge of American economic development, especially in the first phase of industrial capitalism, would have given his treatment greater solidity.

Mr. Harris' judgments on the current labor scene are generally acute and realistic. One is startled, therefore, to find that he reduces the problem of labor peace and unity to these terms: "Outside of the clash of personal ambitions and rivalries, and the desire to retain old or to achieve new prerogatives of power and place, there are no genuine obstacles to harmony that could not be overcome if the will to peace itself prevailed. It is silly to think that leaders of both sides, many of them men who have conducted some of the most far-reaching and complex negotiations, covering contingencies that shaped the welfare of thousands of workers in vast industries, could not—by pooling their experience and their knowledge—devise formulae that would lay the ghost of jurisdictional disputes."

HENRY DAVID

QUEENS COLLEGE

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Government Proprietary Corporations in the English-Speaking Countries. By JOHN THURSTON. Cambridge, Harvard University Press, 1937.—xii, 294 pp. $3.50.

This is a thorough and scholarly examination of government-owned corporations in the United States, Great Britain, Canada, Australia and South Africa. The growing body of experience with this type of administrative agency and the probable extension of its use make the study timely and significant.

In the United States government-owned corporations have been created largely in periods of emergency, the World War and the 1929 depression. In other countries, they have been the result of careful and deliberate planning and have been designed to meet a need for which existing governmental agencies seemed inadequate. There are now more than thirty of these corporations in the United States, six in Great Britain, four in Canada, nine in Australia and three in South Africa, not including in each instance a number which are local and minor.

The advantages which this type of organization possesses over a government department are: greater flexibility and "independence from close political control". The author believes that both these conditions are essential for the efficient operation of a business enterprise. With the increasing penetration of all governments into the economic field and the multitudinous commercial enterprises on which they are now embarking the development of an efficient type of agency for administering these undertakings becomes of immediate interest to every citizen as well as every student of public affairs.

The author is of the opinion that incorporation by an act of Congress is the preferable method of establishing government corporations whose scope is more than local and that incorporation of a federal agency under the laws of a state is wholly undesirable. He finds that on the question of the power to sue and be sued the courts have held that the government corporation stands on the same footing as a private corporation. On the question of taxation, however, they have usually looked beyond the legal fiction of the corporate person to the essential ownership of the property by the government and have upheld the immunity of the corporation to taxation.

Although various methods of financing these corporations have been used, the preferable plan is to furnish an initial lump sum for working capital, which may be used as a basis for borrowing, and therewith entrust to the corporation a large measure of financial

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autonomy. "To make autonomy possible the first requisite is that the undertaking must at the beginning have some possibility of paying its own way, and preferably this possibility should be certified by a commission of experts. . . ." While profit is not the objective in view in the creation of these agencies, Mr. Thurston believes that the necessity of keeping accounts on a profit and loss basis is a salutary stimulant to economy and a yardstick for measuring efficiency.

It is almost universal practice to entrust the determination of policy to a board of directors appointed by the executive branch of the government; in the United States this is usually the President with the advice and consent of the Senate. The Board of Directors then appoints an executive officer who directs the administration of the corporation with approximately the same freedom as the president of a private corporation. With one exception civil service regulations have not been applied to these agencies. This freedom from government civil service requirements is considered by the author to be one of the advantages possessed by this type of organization as compared with a government department. He stresses, however, the need for selecting personnel on a non-political merit basis, and gives no convincing reason why this can be done any better by a government corporation than by a civil service commission concentrating its entire energies to this purpose.

In discussing the efficiency of government proprietary corporations, which rests largely on ability to withstand political pressure and to place the general welfare above that of particularist interests, the author concludes: "But the whole matter eventually comes down to the character of a nation's citizens. If they are wholly materialistic and self-seeking, with no conception of general welfare, or are organized into self-seeking groups with strong political power, it is hardly possible for the government to venture on economic undertakings with hope of success. This characterization seems to apply to the United States. Certainly we have an astounding number of self-seeking groups with political bargaining power, due in part, it seems, to our form of government with its lack of a strong executive" (p. 271). This pessimistic observation on the possibility of efficient government corporations in the United States is refuted by the author's own table on the preceding page in which he lists seventeen of the corporations he has studied as successful and seven as unsuccessful. Of the successful, six are in the United States, and of the unsuccessful, but one, and that a municipal agency, is in the United States.

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This study as a whole leads to the following sound conclusions: ". . . the government corporation is an important contribution toward the solution of the very difficult problem of proper distribution of functions among the parts of government. This contribution appears to offer an almost unlimited possibility of expansion of government activities without paralysis from excessive complexity. As they now exist in the several English countries, government corporations are part of the system of democratic government. They appear to be compatible with older democratic institutions, and they may offer a democratic solution to at least some of the economic problems with which we are faced" (pp. 277-279).

HAROLD ARCHER VANDORN

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Social Security in the United States. By PAUL H. DOUGLAS. New York and London, McGraw-Hill Book Company, 1939.—Rev. ed. xiv, 493 pp. $3.50.

The continued story of social security related in the second edition of Paul H. Douglas' *Social Security in the United States* is at the same time comprehensive and incomplete. Two new chapters, tagged rather loosely onto those of the earlier edition, carry developments from the enactment of the Social Security Act in 1935 to mid-1938. Each phase of social security is discussed in terms of the real problems that have arisen in the wake of the legislation. Constructive suggestions are made that should influence our policy-makers, for the author is himself a part of the social security movement. But, while Professor Douglas touches all the major problems, he seems to fall short of the generalization implicit in the whole situation represented by the various problems.

Thus, the problems peculiar to the state old-age assistance are set forth realistically. The universal adoption of this legislation by 1938 was a great achievement. Yet, as Professor Douglas shows, it has produced not only pensions that were "grossly inadequate in a large number of states" (p. 369), but grave political abuses necessitating withdrawal of federal grants from several states and a new movement to lump the pensions with general relief—a movement that strikes Professor Douglas as "a return to the social dark ages" (p. 379).

Similarly, the federal old-age insurance scheme has so far made more formal than material progress. A subject of politics in the last

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presidential campaign, it was marked in 1937 by the imposing administrative feat of registering 40,000,000 workers. But the author finds three "ultimate issues" still unsolved. (1) The problem of the "proper size and management of the reserve", or preventing the accumulated balances from exerting a deflationary influence in periods of recession and depression, is discussed and Professor Douglas concludes that "the reserve has had an adverse effect upon business conditions during the last year" (p. 393). (2) The problem of coördinating old-age insurance with old-age assistance leads Professor Douglas to reiterate the fact that payments may be smaller under the former plan; he proposes, therefore, that benefits be slightly increased and be accompanied by "further sums in behalf of wives and possibly widows" (p. 395). (3) The problem of extending coverage of the Social Security Act leads to the recommendation that the Act include all industrial workers and the self-employed in order (a) to decrease the reserve and (b) to facilitate the introduction of a governmental contribution by reducing the cost of the non-contributory pensions (through a decrease in the number of applicants). As an alternative, a variant of the Swedish old-age system is proposed.

The post-legislative problems of unemployment compensation appear no less manifold. The pooled fund system, always advocated by Professor Douglas, predominated during the fervid legislating of 1936-1937, but a new struggle has already been precipitated by the administrative exigencies of effecting benefit payment during 1938. The first six months of this payment show "the absolute necessity of simplifying the methods of computing benefits and making more adequate arrangements for their payment" (p. 416). While the initial stages of an administration may not reveal its eventual capability, Professor Douglas is voicing a valid current demand for simplification. Otherwise, he maintains forcefully that the problems of unemployed transients and seasonal unemployment are still unwhittled, that in 1937 "the unemployment compensation taxes exercised a net deflationary influence and with the taxes for old age insurance helped intensify the depression" (p. 421), that benefits are uncoördinated with state relief and the W. P.A. and that their unavailability to the sick emphasizes the need for health insurance.

The implicit problem that the author might have stressed, and perhaps utilized to attain a greater degree of narrative continuity, is the general one: Why does social security present such an abundance of fundamental issues? A reply is suggested by Professor Douglas' proposals which bear the earmarks of a strong underlying social phi-

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losophy. In contrast, the diversity of issues which continue to involve the social security system indicate that the system has no clear basic philosophy, or has been compounded from a number of conflicting philosophies. Only in the sense that the specific problems are not stated in the light of the general situation may Professor Douglas' work be held incomplete.

HARRY MALISOFF

NEW YORK CITY

Labor Laws in Action. By JOHN B. ANDREWS. New York and London, Harper & Brothers, 1938.—xviii, 243 pp. $3.00.

Administrative Labor Legislation: A Study of American Experience in the Delegation of Legislative Power. By JOHN B. ANDREWS. New York and London, Harper & Brothers, 1936.—231 pp. $2.50.

Principles of Labor Legislation. By JOHN R. COMMONS and JOHN B. ANDREWS. 4th revised edition. New York and London, Harper & Brothers, 1936 (second printing with important new material, July 1937).—xviii, 606 pp. $3.25.

Only a rare combination of sound scholarship and exceptional practical experience in draftsmanship and administration of labor legislation, which characterize the work of Professor Commons and Dr. Andrews alike, could produce three such books that are essential parts of one complete whole. The *Principles* has been the standard text for American students and teachers for a generation, and the only manual for labor officials, administrators, labor leaders, workers, employers, civil service applicants and appointees alike, who want a brief but complete, realistic and impartial exposition of the complicated American federal-state system at work. In future revisions of the *Principles* the great service the authors have rendered would be enhanced if they could combine these three volumes in one of perhaps 900 to 1,000 pages.

In the books as they stand criticism of details is easy, but it is surprising in so large a mass of material how rarely the reader will find any inaccuracy or misleading statement of fact. Of course there should be more complete citations of recent court decisions and administrative rulings, so greatly changing the whole structure of labor law and practice, than was possible in the second printing (July 1937) of the fourth edition of the *Principles,* and perhaps a

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corresponding reduction in the citation of old cases no longer ruling, or only of historical importance. The chapters on National Labor Law Administration, and on International Labor Law Administration, in *Labor Laws in Action,* should be incorporated and consolidated in chapter 8 on Administration in the *Principles,* whether the three books are combined or not.

Dr. Andrews is solely responsible for the two volumes other than the *Principles,* and has carried the lion's share in recent years in the revision of the latter. He rightly holds that the expansion era in labor legislation has reached a stage with the recent awakening of the social conscience in America, and with a new concept of the rôle of government in the establishment of social justice, where improvement in quality, effectiveness and enforcement is more important than increase in quantity of legislation. It is no new task for the authors of these books to scrutinize and criticize the results of legislation and its enforcement, as the greatest objective of all such efforts, but in the new day that is dawning in the United States, when social legislation of many kinds is coming into its own, it is a real asset to have the constructive and expert studies of Commons and Andrews.

It is, however, particularly the experience and facts concerning factory inspection and uniform administration of labor law, rather than uniformity of minimum standards, important as that is, that count most for substantial social justice—not words but deeds—and that in the end will accomplish most to secure the continuing and vigorous support of employers, workers and consumers (the public) for enlightened labor legislation, and better coöperation between the states and the federal government in America, and between the nations (of which the United States is one) that are members of the International Labor Organization. Dr. Andrews has stood almost alone in insistence on this point of view, but the evidence of its truth, that he now puts on record in the books here noted, should bring new recruits and help solve a critical situation in the I. L. O., and make American labor legislation less of a byword among the people.

SAMUEL MCCUNE LINDSAY

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BOOK NOTES

Studies in Income and Wealth, Vol. I, by the Conference on Research in National Income and Wealth (New York, National Bureau of Economic Research, 1937; xviii, 348 pp. $2.50), represents the first stage in an ambitious project of coöperative research in which the representatives of six universities are joined with those of the National Bureau and other cognate institutions and services. As the Director, Wesley Mitchell, says, it is their "striving for the classification of working ideas, and a common understanding of concepts." The contributions and discussions generally reach a high penetrative level, but of course it is a collection and not a consolidated whole, so that there is some overlapping, and diverse *degrees* of penetration. There is a surprising lack of reference to past considerations of the treatment of the various problems abroad and the positions there reached, which gives to the experienced reader an occasional impression of naïveté even in the more profound parts, and of some thrashing of the obvious or the accepted. All the same, at every point there are important new contributions and the volume as a whole can be rightly classed as indispensable for the future worker. Professor Copeland deals with "Concepts" exhaustively. There is some rather unexpected and unnecessary preoccupation with the point that a recognition of the actual payments for particular services may imply an acceptance of their economic worth (or even a comparative *moral* standard) to the community. The modern problems created by huge government payments to individuals for every kind of reason—from mere doles in idleness, relief work, objective productive work, civil service work, war pensions, service pensions, loan interest—and paid out of every kind of receipt, for example, direct personal taxation not deducted from stated incomes, direct business taxation deducted as business expenses, indirect personal taxation, indirect commodity taxation, loans, etc., are gallantly recognized throughout as vital to quantitative comparisons over time or place and also as involving and dependent upon ultimate concepts of incidence of taxation. He rightly emphasizes that no definite conclusion as to the treatment of government activity in the calculation of national income is possible until the type of revenue as well as the type of expenditure involved has been analyzed. Inventory valuations, which become so impor-

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tant in times of rapidly changing prices, are also closely analyzed by Simon Kuznets. The usual serious pondering of capital gains as income is also prominent but it does not emerge unconfused. Carl Shoup deals with the distinction between net and gross in income taxation, when we get down to the deductibility of personal expenses (such as traveling to business, food, clothing, medical expenses) from income, questions which almost raise the problem of what life itself is for—and become almost as "remote" as Italian conceptions of net income in the work of Achille Loria. Simon Kuznets deals with problems in measuring per capita labor income, and O. C. Stuce with Income Parity for Agriculture. Clark Warburton on Accounting Methodology, Solomon Fabricant on Corporate Savings, and Gerhard Colm on Public Revenue and Expenditure, complete an imposing array of authority and experts. — LORD STAMP, London.

When the proposal for a Social Security Act was under consideration in 1935, a number of students of unemployment insurance opposed strenuously the proposal to embark upon a federal-state system of unemployment insurance and argued that only a national system could be developed on a sound basis. One of these critics was Bryce M. Stewart, principal author of the recent volume, *Planning and Administration of Unemployment Compensation in the United States* (New York, Industrial Relations Counselors, 1938; xiii, 665 pp. $4.00). Mr. Stewart reiterates, in this volume, his previous arguments in favor of a national system which he predicts will come eventually "either by the evolutionary process or by drastic revision in a time of stress". This conclusion is based on a field study of developments in five states: California, District of Columbia, New Hampshire, New York and Wisconsin. Unfortunately, however, these case studies, which cover 450 out of the 550 pages of text, were conducted in the early stages of organization of the state systems, when only Wisconsin had any experience in the payment of benefits. They deal almost entirely with the mechanics of organization and with the procedure required for collection of contributions and fail to give a critical insight into the administrative processes of a fully functioning compensation system. Consequently, the case studies contribute very little to the critical review of unemployment compensation developments in the United States, which constitutes the last hundred pages of the volume. Little would have been lost and much gained from the standpoint of readability if this last part, perhaps expanded with illustrative material from the field studies,

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had been published alone. As it stands, the volume was already out of date at the time of publication and the stimulating discussion contained in the concluding chapters may not be given the consideration it deserves.—HARRY WEISS, Washington, D. C.

One of the most useful recent books on the administration of publicly-owned enterprises is *British Experiments in Public Ownership and Control* (London, George Allen & Unwin, 1937; New York, W. W. Norton & Company, Inc., 1938; 304 pp. 10s. 6d.; $3.00), by Terence H. O'Brien. It deals solely with the three most important publicly-owned utilities in Great Britain—the Central Electricity Board, the British Broadcasting Corporation, and the London Passenger Transport Board. The C. E. B. owns and operates the main transmission lines, or the "Grid", and performs the highly expert function of wholesaling electricity so as to coördinate the generation of electricity; it does not, however, control distribution service, nor does it command the broad planning and judicial powers vested in the Electricity Commission. The B. B. C. has a monopoly of broadcasting, and thus supplies important educational, religious, amusement and political services over the air. The L. P. T. B. undertakes the tremendous task of supplying greater London with passenger transport, and thus deals with many interests and sprawls over the jurisdictions of numerous local authorities. Each of these three agencies was created to meet a practical situation which needed immediate action. In providing a vital public service by means of a semi-autonomous public corporation, two basic political and administrative questions arise. Can the institution be effectively and permanently removed from direct political control? If so, can it develop means of making itself adequately and continuously accountable to the public? Mr. O'Brien voices a general affirmative as a result of his systematic review of the three enterprises. To help formulate problems and to facilitate comparisons, he surveys each enterprise in terms of its origins, its functions as revealed in its powers and duties, its economic and financial status and operations, its operating record, its connection with the minister who is responsible to Parliament for its operations, and its relation to Parliament. One of the great advantages of public corporations is that they have broad discretion over many aspects of internal administration. Mr. O'Brien therefore examines the practices and policies of the three corporations on matters such as personnel, division of functions between the governing board and the managerial staff, the use of advisory bodies, and public relations. While Mr. O'Brien reveals

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many difficulties to be overcome in the administration of these still evolutionary institutions, he believes that they have proved highly suitable as methods of providing electricity at wholesale, radio broadcasting, and metropolitan passenger transport. The book is thoughtfully and lucidly written, and its material is well balanced. It serves an admirable purpose in describing what has been done, and in focusing attention on basic political and economic issues which must be studied more intensively in the future.—HUBERT F. HAVLIK, Columbia University.

The translation by Bernard Freyd of *The Development of Political Theory* (New York, W. W. Norton & Company, 1939; 364 pp. $4.00) makes available for the first time in the English language another of the masterly treatises of the great German jurist, Otto von Gierke. The title of the book is somewhat misleading, as it deals with only a limited field and period in the development of political thought. It has special reference to Johannes Althusius, a German professor of law in the early part of the 17th century, outlining his ideas within the context of European political theory. Part I was originally presented in 1879 in honor of Professor Johann Bluntschli at the celebration of the fiftieth anniversary of his Doctorate by the Faculty of Law at the University of Breslau. It deals with the life of Althusius, with his famous *Politics,* and with the early attempts to set up a system of law contained in several of his juristic writings. The publication of this essay did much to rescue Althusius from oblivion and to show his importance among the early *Monarchomachs,* the opponents of Bodin's theory of absolute monarchy. The *Politics* of Althusius was especially important because it was written as an academic treatise, based on abstract theory, rather than as a political pamphlet such as those of his French contemporaries. Part II, written later, traces the historical development, before and after Althusius, of the characteristic ideas of that writer, especially for the purpose of showing the important contribution by German writers to the natural rights' theory of the state. Attention is given to the religious elements in the theory of the state, to the doctrine of state contract and popular sovereignty, to the principles of representation and federation, and to the idea of the legal state. This part of the work is especially valuable in showing the medieval origin in religious doctrines and practices and in legal concepts from which later writers, such as Locke and Rousseau, derived their revolutionary democratic theories. The political ideas are discussed especially from the juristic point of view; and many of the doctrines as to the

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legal personality of corporations and of the relation between subordinate groups and the sovereign community, which were worked out more fully by the author in his *Das deutsche Genossenschaftsrecht,* are here suggested. These ideas exerted a powerful influence later on various types of pluralistic theories of sovereignty. As in the case of other works by Gierke, one of the most valuable features of the book is the elaborate and suggestive material found in the notes at the end of each brief chapter. The translation is unusually well done. At the present time, when the theory of the absolute and totalitarian state is being revived, this book has a special value in tracing the ways in which this doctrine was attacked in its earlier appearance, when the modern national state was being created. —Raymond G. Gettell, University of California.

Professor Wilbur W. White's *The Process of Change in the Ottoman Empire* (Chicago, The University of Chicago Press, 1937; x, 315 pp. $3.50) is a careful case study of the historical process of change in an empire with possessions on three continents—Europe, Africa and Asia. The domain of the sultans obviously afforded an excellent subject for the detailed analysis of what, in essence, was a conflict between imperial control and the spirit of self-determination—with the resulting disintegration of the empire. The author's method is to consider in some detail the modern history and the changing international legal status of one conspicuous territorial example on each continent—Greece, Egypt and Iraq—and then to deal at lesser length with the remaining Balkan states, northern Africa and the various Arabian areas. Two points of view are kept in mind throughout: the "static" view, in which treaties, customs, judicial decisions, and other legal materials are consulted to determine at any point the degree to which, in law, the particular entity is "sovereign"; and the "dynamic" view, involving the process of gaining or losing this status and the methods by which the changes are brought about. The study is based on a broad knowledge of primary and secondary sources, and the bibliography, though not always up to date, is useful not merely as an indication of the author's thoroughness but as a working guide to materials on the Ottoman Empire. The conclusions of the study are carefully drawn. The author believes that in the Ottoman Empire better than in any other single unit "are seen the irresistible forces which make for international change. . . . [Here] also . . . are noted the methods by which . . . these changes have come about. Before the World War is seen an unbroken train of war and illegality. Since the war

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there have been certain procedures provided which conceivably make it possible to arrive at changes in status by legal steps and in a peaceable manner." These new procedures, as for example those provided for in the League Covenant, are not yet as strong as they might be, nor are they final, but "they point the way in which apparently the world must travel as an alternative to the way of war."—WALTER CONSUELO LANGSAM, Union College.

The International Labour Office at Geneva has always taken much interest in the coal-mining industry, and in 1938 arranged for a Technical Tripartite Conference (representatives of governments, mine-owners and miners) to discuss the reduction of hours of work in coal mines. In preparation for this conference a report, dealing with economic conditions, social conditions and hours of labor, was printed to serve as a basis for discussion. This has been edited and revised in the light of the discussion and is now issued as *The World Coal-Mining Industry* (Geneva, International Labour Office, 1938; 2 vols. vii, 258; xiii, 372 pp. $2.00 each). The subject is discussed by topics, not by countries. For example chapter iv of the second volume covers social insurance, and in its more than 120 pages deals with compensation for accidents, occupational diseases, sickness, widows and orphans insurance, pension schemes, and unemployment insurance and relief; chapter vi deals similarly with hours of work. For anyone who needs to use economic and social data covering the coal industry of the world this will be an invaluable source of reference. Detailed technical data on the European coal-mining industry can be found in George S. Rice's *Coal Mining in Europe* (Washington, Government Printing Office, 1939; xi, 369 pp. 50 cents) which has just been issued. This is a monographic report of studies made by its author (former chief mining engineer of the U. S. Bureau of Mines) over a period of thirty years, and its combination of an unusually copious index with a profusion of data makes it especially valuable.—T. T. READ, Columbia University.

"There is", wrote Mr. J. A. Spender recently, "nothing in the British documents at all comparable to the bland accounts which are found in the German of the cunning with which Bismarck deceived Austria, Russia and Britain simultaneously." The British pride thus expressed may or may not be questioned seriously, but in *Ambassador to Bismarck, Lord Odo Russell: First Baron Ampthill* (London, Frederick Muller Ltd., 1938; xiv, 410 pp. 15s.) Miss Winifred Taffs ably demonstrates that especially in the 'seventies British diplomacy was carried on through cunning and deceit that is often associated

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with Bismarck alone. During the few weeks preceding the Congress of Berlin (1878) the British pursued a policy that may be "looked upon as a masterpiece of diplomacy for all time", yet it was the diplomacy of duplicity and deceit that gave Cyprus to the British, robbed Bulgaria of its just claims (for the time being), handed Bessarabia to Russia, and finally paved the way for an Austrian occupation of Bosnia and Herzegovina. Though the task of Miss Taffs is to portray the most active phase of a diplomat's career during his last twelve years (1872-1884), yet she far transcends the limitations imposed upon a biographer and throws some interesting sidelights on the methods and manners of Bismarck, the internal problems which the German Empire had to face during the first decade of its existence, the motives that led to the formation of the *Dreikaiserbund* and the Triple Alliance, the War Scare of 1875, the Eastern Question, and colonial rivalries of the Powers. No less interesting are her convincing comments upon the actors of this classical period of secret diplomacy. Disraeli's policies and tactics are criticized, and even his biographer (the late G. Buckle) is taken to task; Gorchakov is correctly described as a vainglorious octogenarian; Bismarck is exposed in all his vices and virtues, while Granville is reproached for his failure to understand Bismarck. Only Count Shuvalov (the Russian Ambassador in London) is raised to the stature of Lord Odo Russell, whom the author rightly regards as a great statesman and the only diplomat who really understood Bismarck and won his confidence.—A. O. SARKISSIAN, University of Illinois.

The Royal Engineers in Egypt and the Sudan, by E. W. C. Sandes (Chatham, Institute of Royal Engineers, 1937; xxxii, 571 pp. 18s.), is a delightful book for both the engineer and the general reader. It is not a dull chronicle of events and achievements but a record which vividly portrays the humanity and everyday struggles of the royal engineers who made history of world-wide interest in North Africa from 1800 to 1837. Its author, Lieutenant-Colonel Sandes, is both an engineer of high standing and a writer of considerable experience. Although his major service has been in India, he has made a painstaking study of the ground in Egypt and the Sudan. Through his wide friendship and acquaintance with Egyptian officers and engineers, he has drawn richly from first-hand sources for the characters and events so graphically described in the pages of his book. Colonel Sandes writes with an easy-flowing style, a delightful sense of humor and a keen knowledge of his fellow men. At the

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same time, he is a careful scholar who has made a valuable contribution to a better and more intimate understanding of modern Sudanese and Egyptian history. Familiar figures like Colonel Charles Gordon and Lord Kitchener live again in Colonel Sandes's book not as demi-gods but as exceedingly human men. Throughout the story, Colonel Sandes pays well-deserved tribute to the tireless activities of Sir Reginald Wingate. Indeed, the name of Wingate runs like a thread through the pages from 1891 onwards. First as Intelligence Officer under Kitchener, then as Governor-General of the Sudan, as Sirdar of the Egyptian army, and finally as High Commissioner of Egypt, Sir Reginald's influence was constant and far-reaching. Excellent in workmanship and organization, *The Royal Engineers in Egypt and the Sudan* is a satisfactory book in many respects. It is refreshing to find such a good example of how high standards of scholarship may be combined with a vivid and interesting narrative. —LOIS A. C. RAPHAEL, Geneva, Switzerland.

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